

PEOPLES ECONOMY : Context and Issues From India

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BACKGROUND ON INDIA'S PATH OF DEVELOPMENT

At no point in history has India fitted into any of the classic modes of production. There never was a fully developed slave society, its feudalism was of a very different kind and its Capitalist development has also been somewhat at variance with the west.

A unique feature of the Indian polity is the dominant role played by the State since even 2000 BC. Religion, landed aristocracy etc. have at no point been in a position of overpowering dominance. Perhaps, caste as a factor has been significant, but it too never was in a position to make the State subservient, even though upper castes then (and today) dominated the ruling institutions.

But the character of this historical Indian state was quite different from the modern state. The modern state is all empowering whereas the historical Indian State was a unique blend of centralised power and liberal autonomy right upto the village level. A strong local self-governance was the classic character of the historical Indian State and this included a more or less complete access to and control over local resources (of course, with upper caste dominance).

The colonisation of India by the British broke precisely this unique character of the Indian State and began a process of centralisation which largely meant that communities lost control over their local resources.

Colonisation in India coincided with capitalism and together they contributed to the globalisation of India's economy. The British systematically destroyed India's historical political economy and replaced it with what we have even today - a centralised control of resources in which the majority population has been marginalised.

The present political economy of India is more or less a perfect fit in the mould of backward Capitalism. It's more or less complete globalisation now threatens further pauperisation of the people and a significant shift in control of resources from the State and National bourgeoisie to a multi-national control.

The question is how can the second largest country in the world allow its economic sovereignty to be snatched away? The answer lies in both the weakening of the Indian State and the increased schisms and conflicts within Indian society - caste, religion, ethnic, territorial etc..

In fact, upto the beginning of the eighties, India's economic sovereignty was intact. Upto then the classic feature of India's economic growth was what was termed as the 'Hindu Growth Rate' - a consistent growth of around 3%. But during the eighties, India took a great leap forward and the growth rate jumped to twice that of the 'Hindu Growth Rate'. Viewed retrospectively, this great leap has been, to a large extent, responsible for India's disaster, because this jump in growth rate was what is today referred to as a 'borrowed growth rate'. This growth has been at the cost of severe increases in India's external debt (from 14% of GDP in 1980-81 to 34% GDP in 1992-93 - only non-defense). An interesting fact which reflects the character of India's growth presently is the considerable slowing down in improvement of social indicators (CDR, IMR, school attendance, medical care availability etc.) in the eighties and nineties as compared to the sixties and seventies.

Another threat, which is a consequence of India's new path of development, is the rapid erosion of India's socio-cultural fabric. It is not that India has been an ideal of socio-cultural harmony but casteism, communalism, terrorism (including state terrorism) and other divisive tendencies today are seen on an unprecedented scale.

Despite these developments the Indian state is talking about Panchayat Raj (rural local self government). The Indian Parliament has in its 73rd and 74th amendments of the constitution made provision for establishing of panchayats (in rural areas) and nagarpalikas (in urban areas) - institutionalising local self government across the length and breadth of the country under a standard set of rules.

This appears like a contradiction to the overall path of economic development, but it is not. It is a part and parcel of the ongoing development process to integrate the last village into the global economy. It is similar to the manner in which community development projects and related interventions (land reform, green revolution, cooperatives) helped capitalism penetrate the rural areas in the sixties and seventies.

It must be emphasised here that one is not against establishment of a single global economy but it is the way in which it is being done which calls for severe criticism. A global economy with equal terms and equity is infact desirable.

PEOPLE IN DEVELOPMENT

Where have people been in this entire process of development. In pre-colonial India people generally worked with local resources. It was basically a subsistence economy and the little surplus produced was for the local markets. Of course, exceptions were there and there was even international trade.

India's situation of pre-colonial times is generally romanticised as being a self-sufficient village community - a totally non-dependent entity. It must be acknowledged that this was an exaggeration. It was in reality the high level of local autonomy over its resources which to the western mind gave the impression of self-sufficiency. And it was this autonomy which people lost under the colonial onslaught. The British rulers realised early enough that if they had to expropriate India's wealth they had to restructure production relations. One may call this the first Structural Adjustment of India's economy.

The British systematically destroyed India's pre-capitalist mode of production and also to a fair extent, production relations and replaced it with the Capitalist mode which was emerging in Europe. However, their agenda was restrictive - only extraction in the primary sector and dumping of manufactured goods from England and Europe. In fact, their administrative control of the country prevented an optimum growth of India's manufacturing and factory sector - they created conditions for unequal competition which stifled the growth of the colony.

With the loss of control over their resources people were made dependent on the larger economy and this furthered the process of pauperisation.

Even after political independence the basic path of development remained the same. Unequal trade and competition continued to prevent economies like India from forging ahead. The western developed economies can survive with only such unequal terms - the recent GATT negotiations are only a means of institutionalising this inequality.

Post-independence Planning has been a miserable failure. The entire process of development was planned as per advice of "experts", especially those from the west, rather

than in consultation with people. People were only targets in the development game - an exigency for placating the electorate.

Over the 8 Plan periods so far a large number of development initiatives, especially for the rural areas, under the label of community development, Cooperative movement, intergrated rural development, employment guarantee schemes, etc. have been planned and executed.

One cannot say outright that all these were total failures. Though one can claim with certainty that these programmes have not helped the poor people develop or progress, they have nevertheless, played a useful role in exposing people to the capitalist path of development and in sensitising them to the causes of their backwardness. Further, this exposure has also made people aware of modern developments and generated aspirations in them for acquiring the basic material comforts which the new productive forces have to offer. In sum, the rural development programs of the state have not been a wholly wasted effort. However, if they had been executed by taking people and their local knowledge, skills, resources, etc. into confidence then the results would have definitely gone much beyond the exposure it has created and more importantly it would have generated a more people-oriented path of development.

Apart from these development programmes, there are the large development and other projects like dams (power and irrigation projects), forest reserves, mining development, factory townships, military programmes, etc. which have displaced millions of rural people, especially tribals. It is estimated that between 1951 and 1990 18.5 million people were displaced by such projects and as many as 13.9 million of them have still to be rehabilitated (TOI, April 22, 1994). The benefits of such projects have gone invariably to the industrial economy and the rich peasantry, and infact for the underprivileged it has meant further impoverishment.

Over the years every development experience encountered has made people more aware of their exploitation and improved their understanding of why they have remained backward in a country which is technologically one of the most endowed in the world. People have increasingly come out and protested and struggled against this injustice. And whenever people have protested against this development process and asserted for their human rights they have been viewed by the State as a law and order problem. The more the people have asserted themselves, the greater has been the increase in state violence, especially since the first naxal revolts in the latter half of the sixties. As the contradictions of this path of development get sharper, and peoples' consciousness is enhanced, and the State's solutions fall flat on their face, the State can only resort to increased repression and to using the sensitivity of the social fabric in its policy of divide and rule. Thus, the State has not only appropriated people's resources on behalf of the ruling classes and made them increasingly dependent on itself but it has also used people against people to preserve its own status quo. The above scenario makes things appear very pessimistic for the Indian people. However, as mentioned right in the beginning, India has never fallen into the classic western slots of mode of production. Though Capitalist penetration in India is deep and widespread still a very large chunk of households, especially the poor in the backward regions, continue to produce for use value as a significantly large proportion of their labour, especially of women. Such production is not calculated by mainstream economics, and it is this which has perhaps helped a large proportion of the poor subsist.

Now, this little - independence left with the people is also threatened under the new economic policy which seeks to integrate the last village with the global economy. Fortunately, some semblance of a democracy still survives in the country and people have been known to throw out governments when pushed against the wall. Therefore, the peoples verdict has yet to be delivered and only that will decide the strength of India to stand on its own two feet !

EXPERIENCE WITH ALTERNATIVES

It must be mentioned at the outset that development alternatives in India have been largely under State programmes. Local initiatives or NGO initiatives have been too few and scattered to have any significant impact. In fact many NGO and local initiatives too are in close tandem with government programmes. The latter has provided NGO's the opportunity to influence government and make their presence felt.

THE GOVERNMENT

No other country can compare with India in terms of the wide array of development alternatives. Each Five-Year-Plan (FYP) has introduced a number of new development alternatives. Theoretically the development alternatives outlined in these Plans have been very exciting and promising. There is also no dearth of radical suggestion and recommendations. But yet the people, for whom these various programmes have been designed and implemented during the last 40 years, have not been able to transcend their backwardness.

The scope of this paper doesn't permit looking at the experience with each alternative. Nevertheless, we will briefly look at some major landmarks of development effort in India.

Community Development Projects (CDP), a package deal designed by American Social Scientists, were first implemented with the start of the IInd FYP. The stated objective was that "local self-help village groups will mobilise their natural and human resources for local improvements of all kinds, and technical agencies of the government will aid them in this undertaking". A fine statement indeed. But in reality the 'self-help village group' were the same old village leadership - the dominant caste and those having contacts with the world of officials and politicians. The resources of these programmes were appropriated by these village leaders and shared with the local bureaucracy and politicians through a system of award of work contracts by the latter. This modus operandi is very important to understand because the same happened with each and every development programme and even today it continues in the same breadth. Where benefits had to be distributed as in the case of subsequent rural development programmes the local politicians evolved a system whereby their personal intervention became the requirement to obtain any benefit - a system of *sifarish* (favours) or political largesse, which at one stroke made the local administration both corrupt and impotent. This too hasn't changed since then.

Panchayat Raj (of 1958) was an effort at providing the needed political will to strengthen the CDP system but that too got hijacked by the same village leaders and their accomplices.

In this manner, many programmes in the agricultural and social sectors (health, education, water supply, nutrition) have been implemented. There have been Green and White revolutions but the fate of the poor has remained more or less unchanged. This has been largely because of the target approach for executing development programmes whereby pockets of development have been created and proudly shown as models of progress - Punjab, parts of Gujarat, Western Uttar Pradesh and South Maharashtra for agriculture, Kheda district initially and then a few more in some States for milk production etc. - all this being extremely capital intensive and hence creating its own contradictions. One major fallout of this pattern of development were the naxal revolts which jolted the government, (the first split in the Congress party) and led to a variety of reforms - nationalisation of the financial sector, abolition of privy purses and titles, land reforms in selected areas and the introduction of a wide range of anti-poverty programmes being directly targeted at select population groups - marginal and small peasantry, agricultural laborers, tribals, scheduled castes, etc.. This was the first time that the poorest sections

were being addressed to directly and poverty became a constituency in its own right. (Please note that this period also coincides with World Bank's concern with poverty for the first time - McNamara's famous speech !)

But again the fate of these programmes couldn't be very different and like its predecessors it also contributed to the increased sensitisation of the marginalised populations. Unrest increased and led to the National Emergency and for the first time the Congress was voted out of power. But then, those who came to power were mostly erstwhile congressmen who had struck a compromise with both the rightist party and the communist parties (because of the unstable alliance) and hence their development programmes could not assume a new, progressive character.

From the eighties onwards, the new buzzword in development was 'Employment'. Maharashtra had already shown the way through its Employment Guarantee Schemes. Other States and the Central Government followed with their version and today we have a National Programme under the title Jawahar Rojgar Yojna. But Maharashtra had also demonstrated corruption within the programme - an enquiry in a single district showed that politicians and bureaucrats had usurped Rs.10 crores (SFr. 5.5 million) of the programme money (which is directly funded through a special tax from those who are employed).

Nevertheless, the employment programmes are definitely closer to the needs of the people. The only transformation it needs (besides ridding it of its corruption) is to make the work undertaken under it as per the real needs of the people (for instance, watershed development against road building as a priority in a drought prone area etc.).

THE NGOS

Within this framework of the State, alternative development was also undertaken by the NGOs. Many NGOs, especially those closer to the Congress, like Gandhian institutions, received liberal State patronage. Others received assistance mainly through foreign sources - multilateral, bilateral, NGO, private and Religious Missions.

Most NGOs fell in line with government programmes but quite a few (the innovative ones) also evolved their own models, some even influencing the government, especially in the areas of health, forestry and water management.

But again there was a lot of influence from the west (after all the funds came from there). The new alternatives were "low cost", "appropriate technology", "small is beautiful", "local resource based" etc.. Again, very attractive and appealing, especially in the context of a crunch on resources. The west which abhorred China, suddenly after Mao Zedong's death, began to portray China as an example (where all the above mentioned phrases had been put into practice) for rest of the currently underdeveloped world. But then the west didn't tell us about the revolutionary political system in China which made it happen. One cannot just simply transplant the model to another social, economic and political context !

The progressive NGOs were precisely doing this. The more radical ones realised soon enough that the socio-political system will not allow radically different ideas to be implemented. Capitalism and Caste were too deeply entrenched to allow such ideas to succeed. Therefore a number of NGOs have decided to confront the system by increasing political and social awareness among the underprivileged people. In the given situation this is perhaps the best alternative but funding support for such work is very limited. The government and local charities will never support such NGOs or peoples groups and only selected few foreign support groups are willing to take such a risk.

The question that arises here is that have these progressive alternatives made an impact which is very different from that of government development programmes. ?

At the local level many NGOs have established definite success and with good impact. But then the government too has its successful models, and much larger ones, to show off.

Politically, the progressive NGO models inspite of their usefulness are a trap because they create testimony that large scale development is not possible and this gives government the opportunity to abdicate its responsibilities.. They also demonstrate the fact that you need external intervention for development to guide people as the latter cannot evolve their own initiatives thus establishing their own hegemony. And in the ultimate analysis NGO's like the State have also served the interest of Capitalism by exposing the remotest of areas for exploitation, most often unintentionally. (Isn't this precisely the underlying reason of most external aid?)

Peoples' self initiatives are not adequately documented and hence not made known. However, when faced with problems people have always made efforts to solve them in the most appropriate manner. In the past when people had an adequate control over their local resources they formulated their own solutions. Capitalist penetration has commodified everything as a result of which resources left under peoples' control are restricted to their private properties. Further, this process has also killed all community initiatives that were possible earlier, especially amongst the underprivileged people. As a result the latter have become dependent completely on the State, and in a sense rightly so because the State has snatched away the local resources which they could once use to carve out a subsistence.

WHAT THEN ABOUT A PEOPLES' ECONOMY OR A PEOPLE-CONTROLLED-LOCAL-RESOURCE-BASED ECONOMY?

When we speak of such an Economy it is implicit that we are talking about a community initiative. Is this possible within the context of a society where the only surviving community feeling is caste and/or religion (that too only for serving vested interests). Even the NGO successes have been with groups such as a homogenous tribe or a particular caste group. In areas where such homogeneity exists a community initiative is possible and there are a number of examples (even from SWISSAID supported projects) but then such homogenous areas may at the most cover 10% of the rural population, that too mostly in tribal concentrations.

As mentioned above the process of commodification has made local resource availability extinct. Even the common village resources like pasture lands, forests, watersheds, minerals etc. are no longer accessible to the people directly. In remote areas, especially tribal, some amount of access still exists because the government machinery and Capitalism have not made their presence felt fully. In such areas these local resources are often the only means of survival. There is usually a community level understanding of how, who and when such resources will be used. But such an economy is barely a subsistence economy with virtually no access to the social sectors, this being reflected in lack of formal education, high mortality rates (especially of Infants and Mothers) and low longevity.

What is implicit in this is that one cannot isolate oneself from the mainstream process of development. At one level it is fine to restrict the scope of such an Economy to this group but is it social justice to keep such a group away from the material development taking place elsewhere (which they only get to see). The effort on the contrary should be to get even such groups into the mainstream.

The question I am addressing to out here is that in India, inspite of deep Capitalist penetration we do not have an organised working class which can form the basis of such a Peoples' Economy. The main culprit for this lack of social formation is the continuing rural-urban divide. The pace and character of development of rural areas has been deliberately kept restricted. The rural areas have been condemned to dependance on agriculture (mostly of a subsistence nature), and since the industrial growth is not rapid enough, migration too is fairly limited. (The opportunities gained by the now developed countries through migration are not available to the currently underdeveloped countries because free trade in labor is not permitted by most countries and especially the now developed countries.)

How can this be changed or can it be changed at all under the existing system ? Can the provision of Panchayat Raj help us move closer towards a 'Peoples' Economy' ? The answer is both YES and NO.

The larger system, both national and global, will prevent the autonomous functioning of Panchayat Raj because the larger system survives by feeding on exploitation.

On the other hand Panchayat Raj is an opportunity for the people to seize and dictate terms to the larger system. Politically, India is at a juncture where people can grab this opportunity because the present government stands discredited on the GATT issue and Panchayat Raj is on the verge of implementation. It is now upto rural based groups to use this moment to turn the tables. This chance of political expediency was missed in the fifties when Community Development and Panchayat Raj were first introduced. If this opportunity is not taken then all may be lost to global dictate.

Panchayat Raj can only function when resource availability and use is localised and not dictated by the State or Central Governments. This means complete fiscal decentralisation and local planning and decision making about which the current Act is not explicit. Global budgets have to be handed over on a per capita basis, weighted of course in favor of backwardness of an area, and the Panchayat Raj body in consultation with its constituents must decide how to use the resources because they know best, atleast much better than what the State and Central governments would have to offer. [In fact the more backward an area presently the more has been its contribution to the prosperity of developed areas.]

The question is will people act or how can they be made to act ? As discussed earlier, there are a number of examples but how does one create a multiplier effect ? Only time and people can answer this !

Under present socio-economic conditions then there are only two choices - either to fully become a part of the Capitalist mode of production, get integrated globally and create pressures for equity (Panchayat Raj offers that opportunity) or to struggle and appropriate control of resources within one's access. The former is the easier of the two choices and the latter is having fewer and fewer takers.

CONCLUDING REMARKS

The above discussion makes it apparent that the underprivileged have no escape from their existing trap. This is perhaps true also because under the present system underdevelopment is a necessary adjunct of development.

On the other hand, we can shed a large part of our pessimism because inspite of the above we do see a progressive development which is at one level taking us closer to a people-based system even though at another level it enhances alienation.

Another contradiction which we have to address to is the dualism within our development strategies - alternative development for the poor/rural population and mainstream development of the dominant groups (see Annexure). The implication of this is subsistence for the masses and luxuries for a few. We must remember that we cannot wish away basic material needs for all if we are talking of equity and a minimum decent standard of life. A 'Peoples' Economy' cannot but address to this if it wants the support of people.

ANNEXURE

INDIA : TOP TECHNOLOGY AND MASS POVERTY

The contradiction of mass poverty existing alongwith the most sophisticated technology is a widely acknowledged fact and hotly debated in India. The debate goes under the title of "India V/s. Bharat" - at one level it is the urban-rural divide and at another the rich-poor divide.

"India refers to the urban elite, the rich and upper middle peasantry, the urban middle/upper classes (those with the western-consumerist outlook). "Bharat refers to the vast peasantry and the working classes of the unorganised sector, in both the rural and the urban areas. India is 200 million and Bharat is 700 million.

At least one-half of the 200 million enjoy a life-style which in relative terms may be compared to the average of developed western countries. The other half aspires to move in that direction.

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Half of the 700 million group barely survives - thats the absolute poverty group. The remaining half may be divided into three sub-groups of roughly similar proportion - the bottom one are the survivors, the middle one at subsistence level, and the top one on the fringe of consumerism.

Technologically, India may be classified as one of the most advanced countries. We produce submarines, satellites, ICBMs. We produce heavy electrical machinery, basic chemicals and computers. We produce steel, cement and fibres, we produce fertilizers, tractors and harvesters. We produce cars, trucks and aircraft. We produce televisions, watches and refrigerators. We produce chocolates, coke and burgers. We produce most of our food requirements, medicines and other basic necessities. Thus from the essential to the frivolous to the wasteful - we produce everything.

Yet, economically India is backward because the vast majority doesn't have access to most of the essentials produced. And enough is not produced because "Bharat" doesn't have the purchasing power. They don't have the purchasing power because they have lost control over their resources and have become dependent on the larger system which cannot provide them their basic sustenance in employment, social security, etc..

The larger system has failed the 700 million because of its inadequate planning and unviable decisions. The Mixed Economy Model through which a public-private sector

partnership for development could have been fostered was misused. The public sector became the milking cow for the private sector. The private sector grew on crutches borrowed from the public sector whereby the private sector reaped the profits and the public sector added losses and earned the label of being inefficient.

The State's planning of both the agricultural and industrial sector has been faulty. It opted for a selective approach in both sectors whereby it created islands of development. The India - Bharat divide is a consequence of this process.

The Indian State's development programmes for the 700 million are very poorly planned and grossly inadequate but they have hitherto served the purpose of demonstrating the humanitarian concerns of the state. However, they can in no way be compared to the Welfare States of developed Capitalist countries. India in no measure is a Welfare State because social sector investment has always been a residual component in State expenditure after defence and business interests have been taken care of.

This dualistic approach of the Indian State - for 'India' a modern consumerist development and for 'Bharat' unviable alternatives which are 'low cost', 'small is beautiful', 'alternate-resources' etc.. solutions, usually developed by development-experts from the west - is in the main, responsible for India's backwardness, and for this awkward contradictory co-existence of India and Bharat.

This dualism needs to be broken by creating a system of distribution in which the 700 million are able to get the minimum material requirements which the 200 million already have. This would also mean that the 200 million will have to forgo a large part of their frivolous and wasteful needs.

This change can only come about when the 700 million are able to take control of the means of production and develop it in their own favor.

Lets face the fact that this is the only realistic solution. The alternatives we offer though useful for humankind become traps under the present system which assure that the underprivileged and underserved remain where they are. So our well-meaning alternative models may be demonstrated successes, may expose the larger system, may be more cost-effective, may be eco-friendly and may be even people-controlled, but at best they only tinker with the system. They cannot change the system. Nevertheless, they are necessary models for consideration under a system where people matter.

So the message I want to get across is that lets be realistic about our aims and objectives. We can do only "this much". Let us shed the illusion that we can change the system and instead get concerned about the fact as to how we can prevent our actions strengthening the existing unequal system. We must direct our energies increasingly towards political conscientisation of both the people in the current under developed countries and in the now developed countries.

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