

# Popular or Passive Revolution? : Mapping Debates on the Nature of Indian State

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## ABSTRACT

The omnipresence and omnipotence of the state clearly indicates that it conditions human life almost all the time. The state is also the central player in the project of development and nowhere is it more critical than the developing countries. Though serious attempts have been made to understand the state, particularly the post-colonial state, there is no necessary agreement on what constitutes the nature of state. In this context, this article aims to map the various theories around the class character of the Indian state especially since the NEP was implemented.

**Keywords:** Revolution, Indian State

An understanding of the state enjoys a pre-eminent status in the study of politics. The state is a central player in the project of development and nowhere is it more important than the developing countries. Several serious attempts have been made to understand the post colonial state, although there is no necessary agreement on what constitutes the nature of state. For such an understanding we need to understand the role of state in India.

## Role of the state In India

It was believed that the state could play a significant role both in raising the domestic rate of savings and in putting it to more productive use. Pre-industrial economies are predominantly rural and agricultural in character. They have land tenure system in which a substantial part of the surplus over subsistence needs of cultivators and farm labourers gets appropriated by a small class of non-cultivating land-owners and intermediaries and used for non-essential consumption. Abolition of such exploitative and socially wasteful land tenure system could release surplus for productive investment. Land reforms combined with taxation of agriculture are means of exploiting this potential. Both require strong state intervention. Projects

which call for investments on large scale naturally involve the state. The government can also help development by creating conditions which induce people to save more. Low rates of savings are of course partly a reflection of low level of income.

Finally strong state intervention is a logical corollary of the goal of social justice and preventing concentration of power which have been explicitly incorporated among the Directive Principles of state Policy in the Indian constitution.

## Interpretations of the Indian State

Broadly speaking, the two dominant interpretations are: liberal and Marxist. The liberal-modernist perspective focuses on institutions and processes as the key to understanding the state and political power in India. Marxist theories regard political economy as the decisive factor and the principle of class analysis as the determining element in unpacking the state.

The early descriptions of the state concentrated on the functioning of political institutions and democratic processes. The establishment of stable democracy went against the general skepticism of the success of democratic experiment. Rajni Kothari

attributed its success to the existence of pluralist tolerance and a culture of consensus. This argument provided an explanation to the Indian model of democracy. Emphasis on the primacy of the political process distinguished the specificity of democratic experiment in terms different from the prevailing western frameworks (Hasan, 2000). Similarly W. H. Morris Jones stressed the capability of political institutions, specially one party dominance in bringing about socio-economic change. In this regard, Gunnar Myrdal described India as a 'soft state' lacking the capacity to act against the vested interests.

Later, more complex variants of the modernization theory were produced, most notably by Roudolph and Roudolph (1967) and in the collection on Caste and Indian Politics(1970) in which it was argued that elements of tradition such as caste or religion could infiltrate a modern system of political institutions and transform and make place for themselves. Susan and Llyod analyse the state in terms of the conflict between a 'demand polity' in which societal demands expressed as electoral pressure dominate over state and a 'command polity' where state hegemony dominates over society (Roudolph and Roudolph, 1987). The argument rests on the state 's role as the third actor along with organized private capital and organized labour Political scientists concern with nature of political system and democracy can be seen in Francine Frankel's approach. She looks at historical contradiction between transformative goals of development planning and institutionalised democratic politics and emphasizes in difficulties confronting accomodationist strategy of class conciliation in politics.

The liberal-institutional framework with its focus on institutions could no longer explain the significant changes in India since the late 1960s. The emergency of 1975-7, rise of militant national movement could not be explained by Rajni Kothari's consensus model in which he used the structural-functional framework to describe the dominance of congress in institutions. The emphasis was on coalition building and consensus-making. He overestimated the autonomy of the elite and took a gradualist view of social and economic change.

Two perspectives 'society-centric' and 'state centric' emerged in political science to explain these changes. The society centric perspective highlighted the

mechanisms of social change—zamindari abolition, *garibi hatao*, assertion of lower orders-in promoting or hampering the functioning of the state (Hasan *et al.*, 1988; Frankel and Rao 1989; Satyamurty 1994). Arising from the dissatisfaction with society centred approach the 1980s gave birth to a new state-oriented literature which foregrounded autonomy of the state.

For Atul Kohli 'the understanding of how and why the state intervenes is inadequate as long as it remains tied primarily to the conditions of society and economy (Kohli, 1987:60). In his later work, Kohli, attributes the inability of the state to achieve its declared agenda to the weakness of political institutions and decline of political parties leading to 'crisis of governability' (Kohli, 1990).

Considering the limitations of the statist approach owing to the fragmented society, the basic question was 'what are the ways in which the state capacity might be constrained by social and cultural specificities'. Marxist accounts were better able to explain conflicts and repressive use of state power as systemic features of Indian democracy.

### **A Marxian analysis of the Indian state: Debate over its class character**

The orthodox Marxist view in India as elsewhere is to treat the government as '*a committee for managing the common affairs of the dominant proprietary classes in society,*' to take the state in a capitalist class, for example as a direct tool for the capitalist class. For Marxists, the complexity of class formation, class configuration and class action are central elements for understanding the constraints of state. Analysis of the state is understood both in terms of the long term structural compulsions of Indian politics which are determined by capitalism and the inclusion of the economy in the international capitalist system and its division of labour and also the coalition arrangements and the changing balance in the class coalitions dominating the state (Kaviraj,1997).

According to Prabhat Patnaik, the ruling coalition comprised of three classes: monopoly bourgeoisie, landed elite and bureaucratic managerial elite (Patnaik,1972). The imposition of Emergency produced a fresh controversy on the state, this time on the role of repressive powers in sustaining the state after which the discussion shifted to

the relative autonomy of the state, particularly the inability of the bourgeoisie in instituting its hegemony over civil society.

### The Neo Marxist analysis

The neo-Marxist idea of the state considers the state to be relatively autonomous of the dominant economic class even though it acts on behalf of the latter and safeguards its interests. To secure the general and long run interests of the dominant class and its hegemony over the dominated classes, it may be necessary for the state to acquire freedom of action or functional autonomy with regard to the particular and short-run interests of individual parts of dominant class.

This concept of relative autonomy is inadequate and even misleading in capturing the dynamics of state action in the process of industrialization in the last hundred years. The society-centered theories of politics and government of the orthodox Marxists as well as the liberal-pluralists and structural-functionalists have managed to keep their eyes averted from what Skocpol (1982), calls '*the explanatory centrality of states as potent and autonomous organizational actors.*' There are of course serious constraints posed by the imperatives of the dominant proprietary class, but to focus exclusively on them is to ignore the large range of choices in goal formulation, agenda setting and policy execution that the state leadership usually has a powerful impulse shaping policies and actions that are generated within the state fueled not merely by motive of self aggrandizement but quite often also by what Miliband (1983) calls '*conception of the national interests.*' In many cases of state directed industrialization, the leadership genuinely considers itself as the trustees of the nation's most deeply held normative aspirations.

In India, irrespective of the exigencies of delayed industrialization the civil society was already dominated by a relatively overdeveloped state at the time of independence (overdeveloped in relation to the economic structure). In the last five decades, the state has accumulated powers of direct ownership and control in the economy to an extent unparalleled in Indian history, both in spheres of circulation and production.

According to Bardhan (1984) the state elite consisted of three classes:

- ♦ Industrial capitalist class
- ♦ Proprietary class and
- ♦ Professionals

The state elite inherited the power at the time of independence enjoyed enormous prestige and a sufficiently unified sense of ideological purpose about the desirability of using state intervention to promote national economic development ; it redirected and restructured the economy and in the process exerted great pressure on the proprietary classes. This led to considerable complexity and fluidity in the composition of proprietary classes and their relationship with the state. But while the state elite from its commanding heights formulated goals and pointed policy direction, it could not ignore the serious constraints on the framework of policy actions and certainly on their effective implementation posed by articulated interests of those classes. The pluralities of constraints have seriously interfered with the functioning of public economy. As a consequence the autonomy of the Indian state is reflected more often in its regulatory than developmental role.

Achin Vanaik (1990) also endorsed the dominant coalition model, emphasizing in particular the relative political strength of the agrarian bourgeoisie which he stressed was far greater than its economic importance due to its ability to mobilize rural electoral support. He also insisted that though India had never had a classical bourgeoisie revolution its political system was nevertheless a bourgeoisie democracy that enjoyed legitimacy with both the dominant classes and masses.

The dominant class coalition model was given a robust theoretical essay by Sudipta Kaviraj (1989) in which by using Antonio Gramsci's idea of 'passive revolution' as a blocked dialectic, he was able to ascribe to the process of class domination in postcolonial India its own dynamic. Power had to be shared because no one class had the ability to exercise hegemony on its own. However, 'sharing' was a ceaseless push and pull situation where one class (industrial-capitalists, rural elites and bureaucratic-managerial) gained relative ascendancy at one point.

The characteristic features of the passive revolution in India were the relative autonomy of the state as a whole from the bourgeoisie and the landed elites; supervision of the state by an elected political leadership, a permanent bureaucracy and an independent judiciary; negotiation of class interests through a multiparty electoral system; a protectionist regime discouraging foreign capital, leading role of the state sector in heavy industry, infrastructure, mining etc and the relatively greater influence of industrial capitalists over Central government and that of landed elites in state governments. Passive Revolution was a form marked by its difference from classical bourgeoisie democracy.

### **The Structural Economic Change: The 1980's and the neo liberal 90's**

The 1980s saw a change of policy due to the failures in the earlier strategy. The relatively modest growth performance of the Indian economy, its relative inefficiency and its lack of technological dynamism are generally attributed to defects in the basic development strategy. The 1980s was a decade of Congress (I) dominance. It was marked by centralization of control of the central leadership over the congress party. But it was also a period of violent agitations in Punjab, Assam and Kashmir leading to defeat of Congress (I) in 1989. With a brief period of National Front government, the Congress(I) came back to power with the structural economic reforms that were to change the character of the economy and society.

### **The Neo-Liberal Nineties: the economic logic**

The policy changes that were made in 1991 and the larger agenda of neo-liberal reform are based on the understanding that central planning under the auspices of a strongly interventionist state has proved unsuccessful; and that replacing it by the market system with drastically reduced direct participation and regulation by the state will provide better faster solution to the country's social and economic problems.

According to economists like Jayati Ghosh, there were three mutually reinforcing and interrelated contradictions that aborted the objectives of the basic model. *First*, the state within the old economic policy regime had to simultaneously fulfill two different roles that were incompatible in the long

run. On the one hand, it had to maintain growing expenditure, in particular investment expenditure, in order to keep domestic market expanding. At the same time, however, the state exchequer was the medium through which large-scale transfers were made to capitalist and proto-capitalist groups, so that state effectively became the most important instrument for primary accumulation by the domestic class in its various manifestations (through tax evasion, a variety of subsidies and transfers and through contracts and procurements).

*Second*, there was inability on the part of the state to impose a minimum measure of discipline among capitalists, without which no capitalist system anywhere can generate sustained growth.

The *third* contradiction had its roots in socio-cultural ambience of a developing country. innovation, with newer goods constantly entering the market and even creating new lifestyles. But the market for industrial goods was limited from the early stages, with additional purchasing power dominantly accruing to a comparatively narrow social segment which in turn provided the main source of growth in demand for manufactured goods.

This social segment was eager to emulate the lifestyles and consumption patterns of the metropolitan centre. Therefore it was not satisfied with having more domestically produced goods; rather, its demand was increasingly for the new goods produced in the metropolitan centres, which could not be locally produced using one indigenous resources and technology (Ghosh, 2003). Monopoly of land remained intact and asset concentration in the industrial sector was never really challenged. Rather, India's monopolists were able to use state intervention as a device to consolidate and expand their monopolistic positions.

The accelerated programme of neoliberal reform was adopted in 1991. It had two separate but two interlinked aspects, of stabilization component aimed at deflating the economy, reducing the rate of growth and curbing the 'excessive' demands that were being placed on India's limited pool of foreign exchange, in order to reduce the balance of payments deficit. Devaluation of the rupee, along with an initial period of import compression ensured with import curbs, was soon substituted with a deflationary stance that was expected to



reduce domestic demand and absorption to levels where the import bill was sustainable.

However, stabilization was seen as a temporary strategy, in as much as the very act of stabilizing the economy was expected to restore international investor confidence, increase access to foreign exchange and permit a higher rate of growth.

Conceptually, it was this point that the second aspect of the programme, structural adjustment, was expected to take over. Renewed access to foreign exchange as it had been earlier was not to sustain higher expenditures by the state. Rather, since government deficits were seen as responsible for the crisis in 1991, the state was expected to strive to reduce its deficits, essentially through expenditure curbs. Growth would be based largely on private initiative as it would allow the economy's comparative advantage to be exploited. This in turn would mean the creation of internationally competitive capacities so that export production would provide the principal external stimulus to economic expansion.

With the core objective of the programme phrased in this manner, the policies to be followed seemed obvious to neoliberal reformers. The state's economic presence should be substantially reduced with the aim of curbing deficits. This would entail not only opening up new fields to the private sector, but also doing away with bureaucratization, over-manning and soft budget constraints typical of state enterprise. Domestic deregulation was seen as providing the flexibility required for restructuring and to allow market forces to play their role in disciplining economic activity. Greater freedom to international capital, both productive and financial must be provided to increase access to foreign finance as well as to exploit the benefits of the improved technology, modern management practices and links to international markets that transnational firms offer.

To ensure that private initiative would more than adequately replace the state as the locomotive of growth tax policies would have to be rationalized and the tax regime rendered less 'burdensome', so that taxation regime did not act as a disincentive to save and invest. These parameters determined the large number of policy shifts that over the 1990s, helped put in place a qualitatively new policy

regime in India, and gave the liberalization of that decade its distinctive character (Chandrashekhar and Ghosh, 2002).

The rationale today has changed from the idea that development needs to be based on a mass domestic market to the idea that development can be achieved on a limited domestic market and export orientation of economy to be achieved by *opening of economy through export orientation and creating a small enclave who will have more purchasing power*. This is done through raising salary, perks, trade and manufacturing; tax exemption/reduction; public money to provide loans at subsidized interest rates.

### Political Implications of the NEP

The NEP transformed the state of passive revolution. It led to the change in the very composition of the capitalist class. Instead of the earlier dominance of the few 'monopoly' houses drawn from the traditional merchant backgrounds and protected by license and import substitution regime, there were now many entrants to the capitalist class at all levels and greater mobility within its formation. According to Partha Chatterjee (2010) there have been several political changes as a result of NEP.

*First*, a distinct ascendancy in the relative power of the corporate capitalist class as compared to landed elites.

*Second*, the dismantling of the license reopened a new field of competition between state governments to woo capitalist investment.

*Third*, although the state continues to be the most important mediating apparatus in negotiating between the conflicting class interests, the autonomy of the state in relation to the dominant classes has been redefined.

Crucially, the earlier role of the bureaucratic and managerial class, or more generally the urban middle classes, in leading and operating, both socially and ideologically, the autonomous interventionist activities of the developmental state has significantly weakened. The urban middle classes appear to have come under the moral-political sway of bourgeoisie.

It would be prudent to conclude by offering the perspective of subaltern approach which emphasizes the potential of subaltern classes (artisans, poor peasants, landless labourers) and their ideology of resistance in reshaping the state

(Chatterjee, 1986, 1998). Countering the Marxist and neo-Marxist understanding, the subaltern approach subjected bourgeois politics and the nation state to a sustained cultural critique. They argued that Indian democracy was the outcome of not a popular revolution but a passive one that enabled the bourgeoisie to establish its hegemony over subaltern groups.

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