India’s Democracy: Illusion of Inclusion

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O
n a trip to Delhi, Christine Lagarde, the International Monetary Fund’s (IMF) Managing Director, told college students, “In this cloudy global horizon, India is a bright spot.” Marking a stark contrast to a European climate of sluggish growth and economies falling into recession, the story of Indian growth has been lauded since the 1990s. Earlier this year, India’s output growth accelerated to 7.5%, sweeping past China as the world’s fastest growing large economy. India’s Prime Minister Narendra Modi, riding the wave of GDP figures, marked his first anniversary in power with further promises of dazzling economic growth, strengthening his central policies to attract foreign investment and ensure ease of doing and expanding business in the country. Following the direction for privatisation and liberalisation laid out by Jagdish Bhagwati and Arvind Panagariya’s (2013) Why Growth Matters, of dismantling India’s labyrinthine labour laws, Modi has proposed labour reforms to aid business interests in hiring and firing labour and make it tougher for workers to form unions. He continues a paradigm of “inclusive growth” applauded by the World Bank and its associates that puts economic growth and strong, deregulated markets at the centre of poverty reduction; it will lead to a trickle down effect that will reach the poor.¹

Despite their international backing, such neo-liberal reforms have met fierce opposition from scholars and activists. Amartya Sen and Jean Drèze’s (2013) An Uncertain Glory argued that growth, though important, was not enough to improve the living conditions of the poor, let alone undermine caste and gender hierarchies or create employment. Just as Sen and Drèze challenged Bhagwati and Panagariya in writing, making their reports harder to obtain.² In a climate where the government championed data on declining poverty in India, the publication of Kannan’s book which includes articles related to his NCEUS work, co-authored with Sengupta of the NCEUS and the statistician G Raveendran, is important for the conclusions it draws about neo-liberal policies of growth and the evidence it provides with macroeconomic data.

The messages are remarkably clear. A little more than three-quarters of the Indian people were poor and vulnerable in 2004–05 and a little more than two-thirds in 2009–10, according to the criteria used by the NCEUS and Kannan. Some advances have been made in reduction of absolute levels of poverty but as is shown by the detailed case studies in the Gooptu and Parry book by Surinder Jodhka in Haryana and by Stephan Lindberg and his colleagues in Tamil Nadu although people were on the whole slightly better off, they were no more equal than before. Kannan shows that growth has not been pro-poor: the fall in poverty is much less than the growth of the economy and wealth and income inequality are increasing. Moreover, between 2004–05 and 2011–12 there has been practically no growth in employment between 2004–05 and 2009–10 and this is nowhere more the case than in the manufacturing sector. Although real wages of unskilled labourers have increased, the product wage—that is wage as a share of value created by labour—has declined.

The most significant divide in India is not between agriculture and industry, rural and urban, but between formalised and informal work. Informalised work comprises all work in the informal sector but also half of the work in the formal sector as even in this sector only 49% of workers have some protection and are less vulnerable. All the rest of the working population—92%—have almost no security of employment or welfare benefits. They are trapped with low wages or vulnerable self-employment and miserable work conditions. They are

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BOOK REVIEWS


Modi’s proposed labour reforms have been attacked on the ground. Eleven trade unions—the biggest of which is linked to Modi’s ruling party—conducted a nationwide strike against them on 2 September.

The publication of K P Kannan’s *Interrogating Inclusive Growth: Poverty and Inequality in India* and Nandini Gooptu and Jonathan Parry’s edited collection *Persistence of Poverty in India* enter this highly charged terrain to dispel the mantra that economic growth by itself will reduce inequality and eliminate poverty. They do so in complementary ways; while Kannan provides us with powerful macro statistics to show the impact of neo-liberal policies on the widening gap between the classes higher up and those below, the in-depth case studies in Gooptu and Parry’s book give a rich understanding of the processes that lead to the persistent poverty of some groups over others.

Kannan’s book continues the work he carried out as one of three full-time members of the National Commission for Enterprises in the Unorganised Sector (NCEUS) between 2005 and 2009. The commission published a series of important and controversial reports that challenged India’s “inclusive growth” policies. The reports were unsurprisingly not appreciated by the government of the time, the NCEUS’s work was cold-shouldered and its website was closed down as soon as it had finished its work in 2009,
what Kannan and his collaborators call, “the Common People.”

The Big Divider

Most significantly, the biggest divide in poverty is not based on region or gender but on caste and religion; everywhere across the country the Scheduled Castes (sc), Scheduled Tribes (st) and Muslims are worse off than all other groups. If we take the Adivasi and Dalit case, Kannan and his colleagues have shown that the rate of poverty decline (using the “poor and vulnerable” category) for them between 1999 and 2009 was only a little over half the rate experienced elsewhere. Moreover, while incidence of poverty varies across different regions, they have shown that Dalits and Adivasis are universally worse off almost everywhere. Fifteen of India’s 21 states have 85% or more of their Adivasi and Dalits living in poverty but everywhere at least two-thirds of the Adivasi and Dalit populations are poor. Being born Adivasi or Dalit appears to determine poverty more than where one lives or comes from. Indian growth has resulted in greater relative economic and social deprivation for its scs, sts and Muslim minorities. Given that Adivasis and Dalits account for at least one in 25 people in the world,3 we can argue that their conditions of exploitation, poverty and vulnerability mark not simply the situation of the Common People of India, but are exemplary of the Common People of the World.

This is an important, shocking, but perhaps unsurprising revelation. The fundamental inequality embedded in India’s caste system made Dalits and Adivasis the concern of policies of affirmative action since the colonial period that were then reinforced in a constitutional commitment for their protection. Moreover, economic growth and liberalisation were supposed to get rid of caste. Others have previously argued that caste is deeply implicated in the contours of poverty4 and especially effects the position of Adivasis and Dalits. What Kannan and his colleagues have provided in Interrogating Inclusive Growth is compelling nationwide evidence that the stigmas of “untouchability,” “backwardness” and “savagery” have not been destroyed in modern India.

The Common People

The question of course is why the sts and scs and Muslim minorities remain at the bottom of the economic and social hierarchy. The macroeconomic data on the social characteristics of the poor in India, such as that presented by Kannan, are important to show their predicament. But to understand how and why their situation persists, economic data needs to be complemented by the lived reality of the poor, a more grass-roots approach of an understanding of the processes of inequality and how they are experienced. This is exactly what the essays in Gooptu and Parry provide. Parry’s introduction to the volume argues that the situation of the Common People must be understood in terms of the
wider system of class and power relations in which they are embedded. Those who have stressed that poverty should be studied “relationally” (Mosse 2010; Harriss 2007) are correct; it is a relationship between categories of actors unequally endowed with power, “an effect of direct assertion of power,” and that this power is not only of “the direct assertion of will” but also of the ability to acknowledge poverty and define what it is, and to create the ideological conditions under which it persists and goes effectively unchallenged (Parry 2014: 3). Inequality causes poverty and ensures its persistence (Parry 2014: 7). Barbara Harriss-White’s essay (based on a paper first published in the pages of the EPW) puts this in a political economy context as it shows the ways in which capitalist growth creates and perpetuates poverty by depriving labour of the means of production, encouraging self-exploitative petty production, creating increasingly casualised and poorly remunerated wage work, underemployment and commodifying the commons.

Perhaps the two most compelling cases that illustrate Parry’s general point are the chapters by David Picherit and Julia Eckert. Picherit follows bonded Madiga (Dalit) migrant labour from a village in Telangana to construction sites and stone quarries in Hyderabad and elsewhere. What emerges is that the entire ability of the Madigas to reproduce themselves is controlled by the dominant caste of the Reddys who once relied on control of land to maintain their position but now rely on government patronage and urban business. It is impossible for the Madigas to break out of the hold that the Reddys have over them. The Reddys control everything—not only their access to the jobs in the construction sector as manual labour outside the village, but also subsistence loans back in the village, employment in their fields, and even access to government welfare schemes meant for the Madigas. Eckert focuses on the urban poor in Mumbai and the ways in which anti-terrorism laws and other “preventive” measures are used by the police against the poor and their local leaders. This serves to oppress any potential collective social struggles and benefits local political big men and brokers on whom the poor depend for protection.

What Is To Be Done?
What is to be done? Kannan argues that what little gains have been made in absolute poverty reduction are the result of public intervention, a point highlighted by Himanshu and Kunal Sen’s chapter in Gooptu and Parry’s book. Kannan thus stresses that one cannot rely on the market for addressing poverty and that redistributive policies, which defeat by social policies proposed, water down of policies accepted and severe delays in implementation. Nevertheless he argues for the need to create a “social floor” to the poor—as a defining characteristic of the welfare state in the modern world—that incorporates a minimum of basic social security such as food entitlements, education, health, shelter and provision for sickness, old age and accidents/death. Some of the essays in Gooptu and Parry’s book appear broadly supportive of the principles of such measures. Penny Vera-Sanso calls for attention in particular to the elderly poor whose economic contribution to poor households is crucial but unnoticed and whose vulnerability is likely to increase with India’s “demographic transition.”

Most of the essays in Gooptu and Parry’s book are, however, less sanguine than Kannan in the possibilities offered by social welfare measures. Welfare measures are commonly controlled by the patronage of locally powerful elite only serving to reinforce established structures of hierarchy, as reported not only by Picherit’s essay but also Arild Ruud’s case of National Rural Employment Guarantee Act uptake in a West Bengal village controlled by Communist Party of India (CPI–Marxist) activists. Indeed the uptake of social welfare measures is dependent on many local factors. Peggy Froerer, for example, challenging the assumption that education has an inverse relationship with poverty demonstrates how some Adivasi groups in Chhattisgarh do not support education beyond Class 5 because of the absence of worthwhile employment options and the lack of social and economic capital required to access such employment. What is the point of getting educated if there are no returns?

An even more radical critique of social welfare measures emerges from Dipankar Gupta who argues that the debates on how to measure poverty in India in order to target the poor for services are misplaced, for these services are universally disastrously bad. His arguments are complemented by the late Jos Mooij who introduces a welfare regime approach to argue that there are three trends within the Indian “welfare” context: a collective rights-based trend, an individualising marketisation trend and related to that, a state policy targeting approach. She shows the ways in which marketisation has removed those who can afford to leave from the state sector, encouraging the market-based provision of basic welfare such as education. Mooij’s arguments are reflected in Dwaipayan Bhattacharyya’s essay which argues that under neo-liberalism, the “accumulatory power” of large-scale capital is bound to limit any substantive attempts to ensure welfare rights of the poor and marginal. Instead the main objective of such welfare and poverty policies is to include as many as possible into the market economy. Mooij argues that the overall effect is that the state has become for and of the poor. It is poor provision for the poor. What India ought to focus on, Gupta therefore argues, is high-quality services for everyone and he says the country can now afford these. Parry, in his introduction, suggests that this is utopian. Why, he asks, would the elite of India want to foot the bill for its poor or rub shoulders with Dalits and Adivasis in state schools and hospitals?

No Structural Change
Parry’s own conclusions are bleak. The obstacles to reducing poverty are as much a matter of politics as want of resources, he argues. The poor may
continue to use the weapons of the weak they have at their disposal, including taunting and shaming the local elites, as Indrajit Roy shows in a village in Bihar. But that does not lead to significant social change, Parry argues. What are the realistic prospects for significant redistribution under existing political conditions, he asks? The expectation across the board whether Sen and Drèze or Bhagwati and Panagariya, whether Kannan or Gupta, is that Indian democracy can deliver; it can destabilise power and create the conditions of a more just and more equal society. Parry, however, argues that democracy may be as big a part of the problem as it is of the solution. Inequality is a value; there are not only deeply entrenched interests at stake but also ideological convictions about natural hierarchies.

The Indian middle classes are, in large part, indifferent to the overwhelming majority of the population: the poor. Though some have spearheaded “progressive social policies” (the right to food, work and education), these are more likely to result in poverty management than in social alliances creating structural change. As Goopu shows in her chapter, historically the middle class and the elite have, on the one hand, included the poor as a political resource in the nationalist struggle and in India’s electoral democracy, but at the same time, on the other hand, they needed to exclude the poor because they were dirty, dangerous and disruptive. Thus, new intensities of the democratisation of democracy have at the same time led to the perceived threat from the lower orders and to new forms of exclusion.

Chillingly, Indian democracy has given the poor the illusion of inclusion when in fact what is being pursued is policies that are detrimental to their interests. It may well be that whatever progress that has been achieved for the poor in India is due to pro-poor public policies. However, these policies, the resources for them and the quality of services would have to be multiplied many times over to enable the poor to simply “stand still” and not continue to become relatively worse off and be left with second-rate services. Whether such public policies can counter the soaring inequalities is, of course, another matter. It is not clear how or from where strong welfare coalitions would emerge to implement such major changes, in spite of “citizenship” based arguments to the contrary by, among others, Rina Agarwala (2013).

Parry, quoting Goopu’s chapter, sums it up powerfully, “democracy has thus become the ‘new opiate of the masses’ which numbs the poor to their poverty” (p 22). Though Parry himself does not cry it out, one conclusion we must consider is that, the only viable alternatives to so-called inclusive growth in India have to come from the Common People through mass movements generated outside of the official structures of power.

We dedicate this review to the late Jos Mooij, author of one of the chapters of the Persistence of Poverty in India, who contributed immensely to research on the politics of policies in India and who sadly passed away on 28 February 2013, before the publication of the volume.

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NOTES

1 Inclusive Growth policies emerged as the latest incarnation of the neo-liberal economic policies that have been promoted by the World Bank and related organisations since the Washington Consensus policies of market fundamentalism advocated from the late 1980s. Though they are allegedly more pro-poor than previous versions, there is in fact much continuity: Inclusive growth is meant in a very narrow sense of enabling everyone to take part in markets and that the economic growth must lead to some poverty reduction. However, to the proponents of inclusive growth it is of little concern whether or not this growth increases inequalities (Saad-Filho 2011).

2 The NCEUS webpages have been reinstated again this year: http://nceuis.nic.in/

3 We calculate this figure on the following basis: According to the 2011 Census, just over 305.7 million people are SC or ST. At that time, the world population was 6,987.0 million, meaning that STs and SCs made up 4.38% of the world population. This makes just under every 23rd people (22.8) in the world an SC or an ST.


REFERENCES


