



# INDIAN CAPITALISM IN DEVELOPMENT

Edited by Barbara Harriss-White and Judith Heyer

‘This excellent collection by leading South Asian and European scholars could not be more timely. Their essays, grounded in field work and with analytical finesse, make notable contributions to our understanding of the complexities and contradictions of capitalist development across India’s major economic sectors today. The authors provide new insights on longstanding issues in the light of current change in India, as well as addressing new topics like India’s much vaunted “knowledge economy”, money laundering and capital flight.’

*Henry Bernstein*

‘Is Indian capitalism really different? This important book addresses this question through a focus on patterns of accumulation and how they interact with other economic, social, political and cultural processes, providing fascinating insights into the singularities, diversities and complexities of capitalism – and economy and society in general – in India.’

*Jayati Ghosh*

‘The set of papers in this volume trace the dynamics of capitalist development in India focusing on activities where the mass of the labour force is concentrated and subjected to manifold exploitation.’

*K.P. Kannan*

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# Indian Capitalism in Development

Recognising the different ways that capitalism is theorised, this book explores various aspects of contemporary capitalism in India. Using field research at a local level to engage with larger issues, it raises questions about the varieties and processes of capitalism, and about the different roles played by the state.

With its focus on India, the book demonstrates the continuing relevance of the comparative political economy of development for the analysis of contemporary capitalism. Beginning with an exploration of capitalism in agriculture and rural development, it goes on to discuss rural labour, small town entrepreneurs, and technical change and competition in rural and urban manufacturing, highlighting the relationships between agricultural and non-agricultural firms and employment. An analysis of processes of commodification and their interaction with uncommodified areas of the economy makes use of the 'knowledge economy' as a case study. Other chapters look at the political economy of energy as a driver of accumulation in contradiction with both capital and labour, and at how the political economy of policy processes regulating energy highlights the fragmentary nature of the Indian state. Finally, a chapter on the processes and agencies involved in the export of wealth argues that this plays a crucial role in concealing the exploitation of labour in India.

Bringing together scholars who have engaged with classical political economy to advance the understanding of contemporary capitalism in South Asia, and distinctive in its use of an interdisciplinary political economy approach, the book will be of interest to students and scholars of South Asian Politics, Political Economy and Development Studies.

**Barbara Harriss-White** was formerly Director of Oxford University's Contemporary South Asian Studies programme, and Director of the Department of International Development at Queen Elizabeth House. She is now Emeritus Professor of Development Studies and Senior Research Fellow in Area Studies, Oxford University, UK. Since 1969 she has been studying and teaching Indian political economy, focusing on rural development, informal capitalism and many aspects of deprivation.

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In search of the modern?

*Zakir Hossain Raju*

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**Edited by Barbara Harriss-White  
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**To the next generation of scholars who we hope will take forward some of the ideas in this book.**

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# Preface

This book is the result of a conference held in Oxford to celebrate Barbara Harriss-White's formal retirement after 42 years of research and teaching on development in India, a quarter century of which was in Oxford. At the heart of the meeting was a score of committed field researchers, many eminent in their fields, all engaged with, critiquing or developing aspects of her work, who came together from around the world – from India, Bangladesh, Pakistan, Australia, the USA, France, Italy, the Netherlands and the UK – to pool their expertise on the political economy of Indian capitalism.

The timing is significant: Barbara Harriss-White and the generation of scholars to which she belongs are passing the baton to a new generation of researchers, above all in South Asia, when the key question of the moment was what liberalisation was really going to mean for India. In this context two of Barbara's distinctive preoccupations – the role of the socially regulated informal economy, accounting for 90 per cent of all jobs and 60 per cent of India's GDP, and the implications of liberalised capitalist growth for the future of the ecosphere – are rising inexorably up the policy agenda.

What gives Indian capitalism its social and political character? How is capital acquired and labour freed for productive deployment? Why are India's accumulation pathways so diverse? Why does petty production expand through multiplication and not concentration of capital? Why do diverse technologies, oppressive forms of labour and forms of organisation of firms and their families co-exist persistently? Why does the state regulate the economy through social institutions rather than its own laws? Why does it allow such significant capital flight? What puts the brakes on commodification? How is Indian capital destroying resource 'sinks' and 'taps'? These are some of the major questions that are at stake – and at issue in this book – with implications for livelihoods, food security, caste and gender relations, class formation, corruption, and the rule of law.

Answers to these questions can be attempted at many different levels. Among policy-makers the most common answers are based on large-scale statistics framed by highly abstract economic models drawn from marginalist economic theory. The distinctive contribution of the work carried out by Barbara Harriss-White and her colleagues, students and former students is to look for empirical evidence through the optic of heuristic theories of an appropriate scale. Their

commitment is to link theory to closely observed empirical reality, not to big numbers whose basis in social and economic reality is all too often tenuous. Our view is that large-scale theory and macro-level policy is only as useful as the quality of the theory that has framed the collection of the data relied on to support them, and of the work that went into gathering those data; and therefore that the prime duty of scholars is to do the hard and sometimes disillusioning work needed to generate trustworthy data against which higher level theory may be tested, and higher level policies evaluated.

The chapters in the book all exemplify this theme and this commitment. Whether in the vivid account of the north Indian market studied by Mekhala Krishnamurthy, the complex play of state power in the energy/power sector revealed by Liz Chatterjee, the complicity of London and New York in India's money laundering sleuthed by Kannan Srinivasan, the dramatic evolution of microfinance for the poor as big business exposed by D.N. Reddy, the subject is really the same throughout: the fast-moving spread of capitalist production relations, the commodification of land, all forms of labour, exchange and all products, the tightening links between local and national and international markets, the reworking of pre-capitalist social relations in new market-based structures, and the ubiquitous spread of relations of unequal power, incomes and life chances that accompany these transitions and ongoing transformations. These terms too are abstractions. What the chapters in this book do is to both theorise them and put flesh on them in a way that scrupulous field research makes possible. In the process they call into question many prevalent development myths, and many problematic dimensions of conventional policy wisdom.

With its companion volume, *The Comparative Political Economy of Development*, also published by Routledge – in 2010 in celebration of the work in Africa and India of Judith Heyer upon her formal retirement from Oxford – this book not only sums up an era of work and thought on India, but takes forward the analysis of global capitalism as it engulfs one of the world's largest, richest, most diverse and challenging regional arenas in a way that we hope concerned scholars and policy makers will value.

Judith Heyer and Barbara Harriss-White

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# Abbreviations

ABD	Accumulation by Dispossession
AICC	All India Congress Committee
AP	Andhra Pradesh
APDRP	Accelerated Power Development and Reforms Programme
APERP	Andhra Pradesh Economic Restructuring Project
APMC	Agricultural Produce Marketing Committee
APP	Association of Power Producers
APST	Arunachal Pradesh Scheduled Tribe
BCCI	Bank of Credit and Commerce International
BJP	Bharatiya Janata Party
BKS	Bharatiya Kisan Sangh
BSES	Bombay Suburban Electric Supply Ltd
BUPN	<i>Bhumi Uchchhed Pratirodh Committee</i>
CAG	Comptroller and Auditor General of India
CGAP	Consultative Group to Assist the Poorest
CIF	Community Investment Fund
CMSA	Community Managed Sustainable Agriculture
CMT	Cutting, Machining and Trimming
CPI (M)	Communist Party of India (Marxist)
CPI-ML	Communist Party of India Marxist-Leninist
DIPP	Department of Industrial Policy and Promotion
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Amendment
GAIL	Gas Authority of India Ltd
GBC	Global Business Company
GCA	Gross Cropped Area
GHG	Greenhouse Gas
GR	Green Revolution
GSDP	Gross State Domestic Product
HYV	High Yielding Variety
IAS	Indian Administrative Service
IBC	International Business Corporation
ICT	Information and Communications Technology

IEA	International Energy Agency
IPO	Initial Public Offering
IPP	Independent Power Producer
IPPAI	Independent Power Producers Association of India
IPPC	Integrated Pollution Prevention and Control
JLG	Joint Liability Group
KCC	Kisan Credit Card
KP	Kisan Panchayat
LIC	Life Insurance Corporation
MACS	Mutually Aided Cooperative Societies
MBC	Most Backward Class, member of Most Backward Class
MBT	Mutual Benefit Trust
MD	Managing Director
MFA	Multi-Fibre Agreement
MFI	Micro Finance Institution
MLA	Member of the Legislative Assembly
MNC	Midnight Notes Collective
MOU	Memorandum of Understanding
MS	Mandal Samakhya
MSP	Minimum Support Price
MWC	Mahindra World City
NABARD	National Bank for Agriculture and Rural Development
NALSAR	National Academy of Legal Studies and Research
NAPM	National Alliance of People's Movements
NBFC	Non-Bank Financial Company
NEFA	North-East Frontier Agency
NHPC	National Hydroelectric Power Corporation
NREGA, MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
NSAS	National Social Assistance Scheme
NSS, NSSO	National Sample Survey, National Sample Survey Organisation
NTPC	National Thermal Power Corporation
ONGC	Oil and Natural Gas Corporation Ltd
PCP	Petty Commodity Production
PESA	Panchayats (Extension to the Scheduled Areas)
PLR	Priority Sector Lending Rate
PMK	Paattali Makkal Katchi
PN	Participatory Note
POSCO	Indian subsidiary of Korean conglomerate
PPSS	<i>POSCO Pratirodh Sangram Samiti</i>
PV	Photo-voltaic
RBI	Reserve Bank of India
RE	Renewable Energy
SAARC	South Asia Association for Regional Cooperation
SAPAP	South Asia Poverty Alleviation Programme

SC	Scheduled Caste, member of a Scheduled Caste
SEB	State Electricity Board
SEBI	Securities and Exchange Board of India
SERP	Society for the Elimination of Rural Poverty
SEZ	Special Economic Zone
SHG	Self Help Group
SHG-BL	Self Help Group Bank Lending
SIDBI	Small Industries Development Bank of India
SKS	Swayam Krushi Sangham
SML	SHARE Microfinance Ltd
SOE	State Owned Enterprise
SOMO-ICN	Stichting Onderzoek Multinationale Ondernemingen – India Committee of the Netherlands
SSIF	Spandana Spoorthy Innovative Financials
ST	Scheduled Tribe, member of a Scheduled Tribe
TCPA	Tonnes Carbon Per Annum
TUF	Technology Upgradation Fund
VO	Village Organisation
ZS	Zilla Samakhya

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