

## **Democracy and Economic Transformation in India**

**Partha Chatterjee**

### **Peasant Society Today**

The first volume of *Subaltern Studies* was published in 1982, twenty-five years ago. I was part of the editorial group that launched, under the leadership of Ranajit Guha, this critical engagement with Indian modernity from the standpoint of the subaltern classes, especially the peasantry. In the quarter of a century that has passed since then, there has been, I believe, a fundamental change in the situation prevailing in post-colonial India. The new conditions under which global flows of capital, commodities, information and people are now regulated – a complex set of phenomena generally clubbed under the category of globalization - have created both new opportunities and new obstacles for the Indian ruling classes. The old idea of a Third World, sharing a common history of colonial oppression and backwardness, is no longer as persuasive as it was in the 1960s. The trajectory of economic growth taken by the countries of Asia has diverged radically from that of most African countries. The phenomenal growth of China and India in recent years, involving two of the most populous agrarian countries of the world, has set in motion a process of social change that, in its scale and speed, is unprecedented in human history.

In this context, I believe it has become important to revisit the question of the basic structures of power in Indian society, especially the position of the peasantry. This is not because I think that the advance of capitalist industrial growth is inevitably breaking down peasant communities and turning peasants into proletarian workers, as has been predicted innumerable times in the last century and a half. On the contrary, I will argue that the forms of capitalist industrial growth now under way in India will make room for the preservation of the peasantry, but under completely altered conditions. The analysis of these emergent forms of post-colonial capitalism in India under conditions of electoral democracy requires new conceptual work.

Let me begin by referring to the recent incidents of violent agitation in different regions of India, especially in West Bengal and Orissa, against the acquisition of agricultural land for industry. There have also been agitations in Uttar Pradesh and Jharkhand against the entry of corporate capital into the retail market for food and vegetables. The most talked about incidents occurred in

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Nandigram in West Bengal, where there was a proposal to acquire 14,000 acres of agricultural land to set up a special economic zone for chemical industries. In January this year, when news spread of the possible acquisition of land, armed villagers chased out all government officials, policemen and supporters of the ruling CPI(M) from the area, dug up roads, destroyed bridges and sealed off the entire area to outsiders. After a stand-off lasting two months, when the police and CPI(M) supporters tried to enter the area by force, fourteen people were killed in police shootings. Even after the government announced that the chemical industry zone would be located elsewhere, the area continues to be disturbed.

If these incidents had taken place twenty-five years ago, we would have seen in them the classic signs of peasant insurgency. Here were the long familiar features of a peasantry, tied to the land and small-scale agriculture, united by the cultural and moral bonds of a local rural community, resisting the agents of an external state and of city-based commercial institutions by using both peaceful and violent means. Our analysis then could have drawn on a long tradition of anthropological studies of peasant societies, focusing on the characteristic forms of dependence of peasant economies on external institutions such as the state and dominant classes such as landlords, moneylenders and traders, but also of the forms of autonomy of peasant cultures based on the solidarity of a local moral community. We could have also linked our discussion to a long tradition of political debates over the historical role of the peasantry under conditions of capitalist growth, beginning with the Marxist analysis in Western Europe of the inevitable dissolution of the peasantry as a result of the process of primitive accumulation of capital, Lenin's debates in Russia with the Narodniks, Mao Zedong's analysis of the role of the peasantry in the Chinese Revolution, and the continuing debates over Gandhi's vision of a free India where a mobilized peasantry in the villages would successfully resist the spread of industrial capitalism and the violence of the modern state. Moreover, using the insights drawn from Antonio Gramsci's writings, we could have talked about the contradictory consciousness of the peasantry in which it was both dominated by the forms of the elite culture of the ruling classes and, at the same time, resistant to them. Twenty-five years ago, we would have seen these rural agitations in terms of the analysis provided by Ranajit Guha in his classic work *Elementary Aspects of Peasant Insurgency in Colonial India*.<sup>1</sup>

I believe that analysis would be inappropriate today. I say this for the following reasons. First, the spread of governmental technologies in India in the last three decades, as a result of the deepening reach of the developmental state under conditions of electoral democracy, has meant that the state is no longer an external entity to the peasant community. Governmental agencies distributing education, health services, food, roadways, water, electricity, agricultural technology, emergency relief and dozens of other welfare services have

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<sup>1</sup> Ranajit Guha (1983), *Elementary Aspects of Peasant Insurgency in Colonial India*, Oxford University Press, Delhi.

penetrated deep into the interior of everyday peasant life. Not only are peasants dependent on state agencies for these services, they have also acquired considerable skill, albeit to a different degree in different regions, in manipulating and pressurizing these agencies to deliver these benefits. Institutions of the state, or at least governmental agencies (whether state or non-state), have become internal aspects of the peasant community. Second, the reforms since 1950s in the structure of agrarian property, even though gradual and piecemeal, has meant that except in isolated areas, for the first time in centuries, small peasants no longer directly confront an exploiting class within the village, as under feudal or semi-feudal conditions. This has had consequences that are completely new for the range of strategies of peasant politics. Third, since the tax on land or agricultural produce is no longer a significant source of revenue for the government, as in colonial or pre-colonial times, the relation of the state to the peasantry is no longer directly extractive, as it often was in the past. Fourth, with the rapid growth of cities and industrial regions, the possibility of peasants making a shift to urban and non-agricultural occupations is no longer a function of their pauperization and forcible separation from the land, but is often a voluntary choice, shaped by the perception of new opportunities and new desires. Fifth, with the spread of school education and widespread exposure to modern communications media such as the cinema, television and advertising, there is a strong and widespread desire among younger members, both male and female, of peasant families not to live the life of a peasant in the village and instead to move to the town or the city, with all its hardships and uncertainties, because of its lure of anonymity and upward mobility. This is particularly significant for India where the life of poor peasants in rural society is marked not only by the disadvantage of class but also by the discriminations of caste, compared to which the sheer anonymity of life in the city is often seen as liberating. For agricultural labourers, of whom vast numbers are from the Dalit communities, the desired future is to move out of the traditional servitude of rural labour into urban non-agricultural occupations.

### **A New Conceptual Framework**

I may have emphasized the novelty of the present situation too sharply; in actual fact, the changes have undoubtedly come more gradually over time. But I do believe that the novelty needs to be stressed at this time in order to ask: how do these new features of peasant life affect our received theories of the place of the peasantry in post-colonial India? Kalyan Sanyal, an economist teaching in Kolkata, has attempted a fundamental revision of these theories in his recent book *Rethinking Capitalist Development*.<sup>2</sup> In the following discussion, I will use some of his formulations in order to present my own arguments on this subject.

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<sup>2</sup> Kalyan Sanyal (2007), *Rethinking Capitalist Development: Primitive Accumulation, Governmentality and Post-Colonial Capitalism*, Routledge, New Delhi.

The key concept in Sanyal's analysis is the primitive accumulation of capital – sometimes called primary or original accumulation of capital. Like Sanyal, I too prefer to use this term in Marx's sense to mean the dissociation of the labourer from the means of labour. There is no doubt that this is the key historical process that brings peasant societies into crisis with the rise of capitalist production. Marx's analysis in the last chapters of Volume One of *Capital* shows that the emergence of modern capitalist industrial production is invariably associated with the parallel process of the loss of the means of production on the part of primary producers such as peasants and artisans. The unity of labour with the means of labour, which is the basis of most pre-capitalist modes of production, is destroyed and a mass of labourers emerge who do not any more possess the means of production. Needless to say, the unity of labour with the means of labour is the conceptual counterpart in political economy of the organic unity of most pre-capitalist rural societies by virtue of which peasants and rural artisans are said to live in close bonds of solidarity in a local rural community. This is the familiar anthropological description of peasant societies, as well as, the source of inspiration for many romantic writers and artists portraying rural life. This is also the unity that is destroyed in the process of primitive accumulation of capital, throwing peasant societies into crisis.

The analysis of this crisis has produced, as I have already indicated, a variety of historical narratives ranging from the inevitable dissolution of peasant societies to slogans of worker-peasant unity in the building of a future socialist society. Despite their differences, the common feature in all these narratives is the idea of transition. Peasants and peasant societies under conditions of capitalist development are always in a state of transition – whether from feudalism to capitalism or from pre-capitalist backwardness to socialist modernity.

A central argument made by Sanyal in his book is that under present conditions of post-colonial development within a globalized economy, the narrative of transition is no longer valid. That is to say, although capitalist growth in a post-colonial society such as India is inevitably accompanied by the primitive accumulation of capital, the social changes that are brought about cannot be understood as a transition. How is that possible?

The explanation has to do with the transformations in the last two decades in the globally dispersed understanding about the minimum functions, as well as, the available technologies of government. There is a growing sense now that certain basic conditions of life must be provided to people everywhere and that if the national or local governments do not provide them, someone else must, whether it is other states or international agencies or non-governmental organizations. Thus, while there is a dominant discourse about the importance of growth, which in recent times has come to mean almost exclusively capitalist growth, it is, at the same time, considered unacceptable that those who are dispossessed of their means of labour because of the primitive accumulation of capital should have no means of subsistence. This produces, says Sanyal, a

curious process in which, on the one side, primary producers such as peasants, craftspeople and petty manufacturers lose their land and other means of production, but, on the other, are also provided by governmental agencies with the conditions for meeting their basic needs of livelihood. There is, says Sanyal, primitive accumulation, as well as, a parallel process of the reversal of the effects of primitive accumulation.

It would be useful to illustrate this process with some examples. Historically, the process of industrialization in all agrarian countries has meant the eviction of peasants from the land, either because the land was taken over for urban or industrial development or because the peasant no longer had the means to cultivate the land. Market forces were usually strong enough to force peasants to give up the land, but often direct coercion was used by means of the legal and fiscal powers of the state. From colonial times, government authorities in India have used the right of eminent domain to acquire lands to be used for “public purposes”, offering only a token compensation, if any.<sup>3</sup> The idea that peasants losing land must be resettled somewhere else and rehabilitated into a new livelihood was rarely acknowledged. Historically, it has been said that the opportunities of migration of the surplus population from Europe to the settler colonies in the Americas and elsewhere made it possible to politically manage the consequences of primitive accumulation in Europe in the eighteenth and nineteenth centuries. No such opportunities exist today for India. More importantly, the technological conditions of early industrialization which created the demand for a substantial mass of industrial labour have long passed. Capitalist growth today is far more capital-intensive and technology-dependent than it was even some decades ago. Large sections of peasants who are today the victims of the primitive accumulation of capital are completely unlikely to be absorbed into the new capitalist sectors of growth. Therefore, without a specific government policy of resettlement, the peasants losing their land, face the possibility of the complete loss of their means of livelihood. Under present globally prevailing normative ideas, this is considered unacceptable. Hence, the old-fashioned methods of putting down peasant resistance by armed repression have little chance of gaining legitimacy. The result is the widespread demand today for the rehabilitation of displaced people who lose their means of subsistence because of industrial and urban development. It is not, says Sanyal, as though primitive accumulation is halted or even slowed down, for primitive

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<sup>3</sup> There is a great story to be told of what I believe is the first such project undertaken by the British authorities in India – the building of the new Fort William in Calcutta by razing to the ground the entire village of Gobindapur in 1758. Property owners were compensated (out of the massive moneys extracted out of the puppet nawab Mir Jafar as compensation for Siraj-ud-daulah’s attack on Calcutta). The result was the new fort, which still functions as the headquarters of the Eastern Command of the Indian Army, and the surrounding grounds called the Maidan, the focus of much anxious attention of environmentalists who treat it as a pristine patch of grass gifted to the city by Mother Earth. That the Maidan was a densely populated village 250 years ago has been wholly forgotten. Forgetfulness is a necessary attribute not only of modernizers but also of its critics.

accumulation is the inevitable companion to capitalist growth. Rather, governmental agencies have to find the resources to, as it were, reverse the consequences of primitive accumulation by providing alternative means of livelihood to those who have lost them.

We know that it is not uncommon for developmental states to protect certain sectors of production that are currently the domain of peasants, artisans and small manufacturers against competition from large corporate firms. But this may be interpreted as an attempt to forestall primitive accumulation itself by preventing corporate capital from entering into areas such as food crop or vegetable production or handicraft manufacture. However, there are many examples in many countries, including India, of governments and non-government agencies offering easy loans to enable those without the means of sustenance to find some gainful employment. Such loans are often advanced without serious concern for profitability or the prospect of the loan being repaid, since the money advanced here is not driven by the motive of further accumulation of capital but rather by that of providing the livelihood needs of the debtors – that is to say, by the motive of reversal of the effects of primitive accumulation. In recent years, these efforts have acquired the status of a globally circulating technology of poverty management: a notable instance is the micro-credit movement initiated by the Grameen Bank in Bangladesh and its founder, the Nobel Prize winner Mohammed Yunus. Most of us are familiar now with stories of peasant women in rural Bangladesh forming groups to take loans from Grameen Bank to undertake small activities to supplement their livelihood and putting pressure on one another to repay the loan so that they can qualify for another round of credit. Similar activities have been introduced quite extensively in India in recent years.

Finally, as in other countries, government agencies in India provide some direct benefits to people who, because of poverty or other reasons, are unable to meet their basic consumption needs. This could be in the form of special poverty-removal programmes, or schemes of guaranteed employment in public works, or even direct delivery of subsidized or free food. Thus, there are programmes of supplying subsidized food grains to those designated as “below the poverty line”, guaranteed employment for up to one hundred days in the year for those who need it, and free meals to children in primary schools. All of these may be regarded, in terms of our analysis, as direct interventions to reverse the effects of primitive accumulation.

It is important to point out that except for the last example of direct provision of consumption needs, most of the other mechanisms of reversing the effects of primitive accumulation involve the intervention of the market. This is the other significant difference in the present conditions of peasant life from the traditional models we have known. Except in certain marginal pockets, peasant and craft production in India today is fully integrated into a market economy. Unlike a few decades ago, there is almost no sector of household production that can be described as intended wholly for self-consumption or non-monetized exchange within a local community. Virtually all peasant and artisan production

is for sale in the market and all consumption needs are purchased from the market. This, as we shall see, has an important bearing on recent changes in the conditions of peasant politics.

It is also necessary to point out that “livelihood needs” do not indicate a fixed quantum of goods determined by biological or other ahistorical criteria. It is a contextually determined, socially produced, sense of what is necessary to lead a decent life of some worth and self-respect. The composition of the set of elements that constitute “livelihood needs” will, therefore, vary with social location, cultural context and time. Thus, the expected minimum standards of health care for the family or minimum levels of education for one’s children will vary, as will the specific composition of the commodities of consumption such as food, clothes or domestic appliances. What is important here is a culturally determined sense of what is minimally necessary for a decent life, one that is neither unacceptably impoverished nor excessive and luxurious.

### **Transformed Structures of Political Power**

To place these changes within a structural frame that describes how political power is held and exercised in post-colonial India, I also need to provide an outline of the transformation that, I believe, has taken place in that structure in recent years. Twenty-five years ago, the structure of state power in India was usually described in terms of a coalition of dominant class interests. Pranab Bardhan identified the capitalists, the rich farmers and the bureaucracy as the three dominant classes, competing and aligning with one another within a political space supervised by a relatively autonomous state.<sup>4</sup> Achin Vanaik 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. He also insisted that even though India had never had a classical bourgeois revolution, its political system was nevertheless a bourgeois democracy that enjoyed a considerable degree of legitimacy not only with the dominant classes but also with the mass of the people.<sup>5</sup> Several scholars writing in the 1980s, such as for instance, Ashutosh Varshney and Rudolph and Rudolph, emphasized the growing political clout of the rich farmers or agrarian capitalists within the dominant coalition.<sup>6</sup>

The dominant class coalition model was given a robust theoretical shape in a classic essay by Sudipta Kaviraj in which, by using Antonio Gramsci’s idea of the “passive revolution” as a blocked dialectic, he was able to ascribe to the

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<sup>4</sup> Pranab Bardhan (1984), *The Political Economy of Development in India*, Oxford University Press, Delhi.

<sup>5</sup> Achin Vanaik (1990), *The Painful Transition: Bourgeois Democracy in India*, Verso, London.

<sup>6</sup> Ashutosh Varshney (1995), *Democracy, Development and the Countryside: Urban-Rural Struggles in India*, Cambridge University Press, Cambridge; Lloyd I. and Susanne H. Rudolph (1987), *In Pursuit of Lakshmi: The Political Economy of the Indian State*, University of Chicago Press, Chicago.

process of class domination in post-colonial India its own dynamic.<sup>7</sup> Power had to be shared between the dominant classes because no one class had the ability to exercise hegemony on its own. But “sharing” was a process of ceaseless push and pull, with one class gaining a relative ascendancy at one point, only to lose it at another. Kaviraj provided us with a synoptic political history of the relative dominance and decline of the industrial capitalists, the rural elites and the bureaucratic-managerial elite within the framework of the passive revolution of capital. In my early work, I too adopted the idea of the passive revolution of capital in my account of the emergence of the post-colonial state in India.<sup>8</sup>

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; the supervision of the state by an elected political leadership, a permanent bureaucracy and an independent judiciary; the negotiation of class interests through a multi-party electoral system; a protectionist regime discouraging the entry of foreign capital and promoting import substitution; the leading role of the state sector in heavy industry, infrastructure, transport, telecommunications; mining, banking and insurance; state control over the private manufacturing sector through a regime of licensing; and the relatively greater influence of industrial capitalists over the central government and that of the landed elites on the state governments. Passive revolution was a form that was marked by its difference from classical bourgeois democracy. But to the extent that capitalist democracy as established in Western Europe or North America served as the normative standard of bourgeois revolution, discussions of passive revolution in India carried with them the sense of a transitional system – from pre-colonial and colonial regimes to some yet-to-be-defined authentic modernity.

The changes introduced since the 1990s have, I believe, transformed this framework of class dominance. The crucial difference now is the dismantling of the licence regime, greater entry of foreign capital and foreign consumer goods; and the opening up of sectors such as telecommunications, transport, infrastructure, mining, banking, insurance, etc. to private capital. This has led to a change in the very composition of the capitalist class. Instead of the earlier dominance of a few “monopoly” houses drawn from traditional merchant backgrounds and protected by the licence and import substitution regime, there are now many more entrants into the capitalist class at all levels and much greater mobility within its formation. Unlike the earlier fear of foreign competition, there appears to be much greater confidence among Indian

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<sup>7</sup> Sudipta Kaviraj, A Critique of the Passive Revolution, *Economic and Political Weekly*, Vol. 23, No. 45-47, pp. 2429-2444.

<sup>8</sup> Partha Chatterjee and Arup Mallik (1975), *Bharatiya ganatantra o bourgeois pratikriya*, *Anyartha*, May, translated in Chatterjee (1997), *A Possible India: Essays in Political Criticism*, Oxford University Press, Delhi; Partha Chatterjee (1986), *Nationalist Thought and the Colonial World: A Derivative Discourse?*, Zed Books, London; Partha Chatterjee (1994), *Development Planning and the Indian State* in T.J. Byres (Ed.), *The State and Development Planning in India*, Oxford University Press, Delhi.

capitalists to make use of the opportunities opened up by global flows of capital, goods and services, including, in recent times, significant exports of capital. The most dramatic event has been the rise of the Indian information technologies industry. But domestic manufacturing and services have also received a major spurt, leading to annual growth rates of eight or nine per cent for the economy as a whole in the last few years.

There have been several political changes as a result. Let me list a few that are relevant for our present discussion. First, there is a distinct ascendancy in the relative power of the corporate capitalist class as compared to the landed elites. The political means by which this recent dominance has been achieved needs to be investigated more carefully, because it was not achieved through the mechanism of electoral mobilization (which used to be the source of the political power of the landed elites). Second, the dismantling of the licence regime has opened up a new field of competition between state governments to woo capitalist investment, both domestic and foreign. This has resulted in the involvement of state-level political parties and leaders with the interests of national and international corporate capital in unprecedented ways. Third, although the state continues to be the most important mediating apparatus in negotiating between conflicting class interests, the autonomy of the state in relation to the dominant classes appears to have been redefined. Crucially, the earlier role of the bureaucratic-managerial class, or more generally of the urban middle classes, in leading and operating, both socially and ideologically, the autonomous interventionist activities of the developmental state has significantly weakened. There is a strong ideological tendency among the urban middle classes today to view the state apparatus as ridden with corruption, inefficiency and populist political venality and a much greater social acceptance of the professionalism and commitment to growth and efficiency of the corporate capitalist sector. The urban middle class, which once played such a crucial role in producing and running the autonomous developmental state of the passive revolution, appears now to have largely come under the moral-political sway of the bourgeoisie.

It would be a mistake, however, to think that the result is a convergence of the Indian political system with the classical models of capitalist democracy. The critical difference, as I have pointed out elsewhere, has been produced by a split in the field of the political between a domain of properly constituted civil society and a more ill-defined and contingently activated domain of political society.<sup>9</sup> Civil society in India today, peopled largely by the urban middle classes, is the sphere that seeks to be congruent with the normative models of bourgeois civil society and represents the domain of capitalist hegemony. If this were the only relevant political domain, then India today would probably be indistinguishable from other Western capitalist democracies. But there is the other domain of what

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<sup>9</sup> Partha Chatterjee (2004), *The Politics of the Governed: Reflections on Political Society in Most of the World*, Columbia University Press, New York.

I have called political society which includes large sections of the rural population and the urban poor. These people do, of course, have the formal status of citizens and can exercise their franchise as an instrument of political bargaining. But they do not relate to the organs of the state in the same way that the middle classes do, nor do governmental agencies treat them as proper citizens belonging to civil society. Those in political society make their claims on government, and in turn are governed, not within the framework of stable constitutionally defined rights and laws, but rather through temporary, contextual and unstable arrangements arrived at through direct political negotiations. The latter domain, which represents the vast bulk of democratic politics in India, is not under the moral-political leadership of the capitalist class.

Hence, my argument is that the framework of passive revolution is still valid for India. But its structure and dynamic have undergone a change. The capitalist class has come to acquire a position of moral-political hegemony over civil society, consisting principally of the urban middle classes. It exercises its considerable influence over both the central and the state governments not through electoral mobilization of political parties and movements but largely through the bureaucratic-managerial class, the increasingly influential print and visual media, and the judiciary and other independent regulatory bodies. The dominance of the capitalist class within the state structure as a whole can be inferred from the virtual consensus among all major political parties about the priorities of rapid economic growth led by private investment, both domestic and foreign. It is striking that even the CPI(M) in West Bengal, and slightly more ambiguously in Kerala, have, in practice if not in theory, joined this consensus. This means that as far as the party system is concerned, it does not matter which particular combination of parties comes to power at the Centre or even in most of the states; state support for rapid economic growth is guaranteed to continue. This is evidence of the current success of the passive revolution.

However, the practices of the state also include the large range of governmental activities in political society. Here there are locally dominant interests, such as those of landed elites, small producers and local traders, who are able to exercise political influence through their powers of electoral mobilization. In the old understanding of the passive revolution, these interests would have been seen as potentially opposed to those of the industrial bourgeoisie; the conflicts would have been temporarily resolved through a compromise worked out within the party system and the autonomous apparatus of the state. Now, I believe, there is a new dynamic logic that ties the operations of political society with the hegemonic role of the bourgeoisie in civil society and its dominance over the state structure as a whole. This logic is supplied by the requirement, explained earlier, of reversing the effects of primitive accumulation of capital. To describe how this logic serves to integrate civil and political society into a new structure of the passive revolution, let me return to the subject of the peasantry.

### **Political Society and the Management of Non-corporate Capital**

The integration with the market has meant that large sections of what used to be called the subsistence economy, which was once the classic description of small peasant agriculture, have now come fully under the sway of capital. This is a key development that must crucially affect our understanding of peasant society in India today. There is now a degree of connectedness between peasant cultivation, trade and credit networks in agricultural commodities, transport networks, petty manufacturing and services in rural markets and small towns, etc. that makes it necessary for us to categorize all of them as part of a single, but stratified, complex. A common description of this is the unorganized or informal sector. Usually, a unit belonging to the informal sector is identified in terms of the small size of the enterprise, the small number of labourers employed, or the relatively unregulated nature of the business. In terms of the analytical framework I have presented here, I will propose a distinction between the formal and the informal sectors of today's economy in terms of a difference between corporate and non-corporate forms of capital.

My argument is that the characteristics I have described of peasant societies today are best understood as the marks of non-corporate capital. To the extent that peasant production is deeply embedded within market structures, investments and returns are conditioned by forces emanating from the operations of capital. In this sense, peasant production shares many connections with informal units in manufacturing, trade and services operating in rural markets, small towns and even in large cities. We can draw many refined distinctions between corporate and non-corporate forms of capital. But the key distinction I wish to emphasize is the following. The fundamental logic that underlies the operations of corporate capital is further accumulation of capital, usually signified by the maximization of profit. For non-corporate organizations of capital, while profit is not irrelevant, it is dominated by another logic – that of providing the livelihood needs of those working in the units. This difference is crucial for the understanding of the so-called informal economy and, by extension, as I will argue, of peasant society.

Let me illustrate with a couple of familiar examples from the non-agricultural informal sector and then return to the subject of peasants. Most of us are familiar with the phenomenon of street vendors in Indian cities. They occupy street space, usually violating municipal laws; they often erect permanent stalls, use municipal services such as water and electricity, and do not pay taxes. To carry on their trade under these conditions, they usually organize themselves into associations to deal with the municipal authorities, the police, credit agencies such as banks and corporate firms that manufacture and distribute the commodities they sell on the streets. These associations are often large and the volume of business they encompass can be quite considerable. Obviously, operating within a public and anonymous market situation, the vendors are subject to the standard conditions of profitability of their businesses. But to

ensure that everyone is able to meet their livelihood needs, the association will usually try to limit the number of vendors who can operate in a given area and prevent the entry of newcomers. On the other hand, there are many examples where, if the businesses are doing particularly well, the vendors do not, like corporate capitalists, continue to accumulate on an expanded scale, but rather agree to extend their membership and allow new entrants. To cite another example, in most cities and towns of India, the transport system depends heavily on private operators who run buses and auto-rickshaws. Here too there is frequent violation of regulations such as licences, safety standards and pollution norms – violations that allow these units to survive economically. Although most operators own only one or two vehicles each, they form associations to negotiate with transport authorities and the police over fares and routes, and control the frequency of services and entry of new operators to ensure that a minimum income, and not much more than a minimum income, is guaranteed to all.

In my book *The Politics of the Governed*, I have described the form of governmental regulation of population groups such as street vendors, illegal squatters and others, whose habitation or livelihood verge on the margins of legality, as political society. In political society, I have argued, people are not regarded by the state as proper citizens possessing rights and belonging to the properly constituted civil society. Rather, they are seen to belong to particular population groups, with specific empirically established and statistically described characteristics, which are targets of particular governmental policies. Since dealing with many of these groups imply the tacit acknowledgement of various illegal practices, governmental agencies will often treat such cases as exceptions, justified by very specific and special circumstances, so that the structure of general rules and principles is not compromised. Thus, illegal squatters may be given water supply or electricity connections but on exceptional grounds so as not to club them with regular customers having secure legal title to their property, or street vendors may be allowed to trade under specific conditions that distinguish them from regular shops and businesses which comply with the laws and pay taxes. All of this makes the claims of people in political society a matter of constant political negotiation and the results are never secure or permanent. Their entitlements, even when recognised, never quite become rights.

To connect the question of political society with my earlier discussion on the process of primitive accumulation of capital, I now wish to advance the following proposition. Civil society is where corporate capital is hegemonic, whereas political society is the space of management of non-corporate capital. I have argued above that since 1990s, corporate capital, and along with it the class of corporate capitalists, have achieved a hegemonic position over civil society in India. This means that the logic of accumulation, expressed at this time in the demand that national economic growth be maintained at a very high rate and that the requirements of corporate capital be given priority, holds sway over civil society – that is to say, over the urban middle classes. It also means that the

educational, professional and social aspirations of the middle classes have become tied with the fortunes of corporate capital. There is now a powerful tendency to insist on the legal rights of proper citizens, to impose civic order in public places and institutions and to treat the messy world of the informal sector and political society with a degree of intolerance. A vague but powerful feeling seems to prevail among the urban middle classes that rapid growth will solve all problems of poverty and unequal opportunities.

The informal sector, which does not have a corporate structure and does not function principally according to the logic of accumulation, does not, however, lack organization. As I have indicated in my examples, those who function in the informal sector often have large, and in many cases quite powerful and effective, organizations. They need to organize precisely to function in the modern market and governmental spaces. Traditional organizations of peasant and artisan societies are not adequate for the task. I believe this organization is as much of a political activity as it is an economic one. Given the logic of non-corporate capital that I have described above, the function of these organizations is precisely to successfully operate within the rules of the market and of governmental regulations in order to ensure the livelihood needs of its members. Most of those who provide leadership in organizing people, both owners and workers, operating in the informal sector are actually or potentially political leaders. Many such leaders are prominent local politicians and many such organizations are directly or indirectly affiliated to political parties. Thus, it is not incorrect to say that the management of non-corporate capital under such conditions is a political function that is carried out by political leaders. The existence and survival of the vast assemblage of so-called informal units of production in India today, including peasant production, is directly dependent on the successful operation of certain political functions. That is what is facilitated by the process of democracy.

The organizations that can carry out these political functions have to be innovative – necessarily so, because neither the history of the cooperative movement nor that of socialist collective organization provides any model that can be copied by these non-corporate organizations of capital in India. What is noticeable here is a strong sense of attachment to small-scale private property and, at the same time, a willingness to organize and cooperate in order to protect the fragile basis of livelihood that is constantly under threat from the advancing forces of corporate capital. However, it appears that these organizations of non-corporate capital are stronger, at least at this time, in the non-agricultural informal sectors in cities and towns and less so among the rural peasantry. This means that while the organization of non-corporate capital in urban areas has developed relatively stable and effective forms and is able, by mobilizing governmental support through the activities of political society, to sustain the livelihood needs of the urban poor in the informal sector, the rural poor, consisting of small peasants and rural labourers, are still dependent on direct governmental support for their basic needs and are less able to make effective

organized use of the market in agricultural commodities. This challenge lies at the heart of the recent controversies over “farmer suicides”, as well as, the ongoing debates over acquisition of agricultural land for industry. It is clear that in the face of rapid changes in agricultural production in the near future, Indian democracy will soon have to invent new forms of organization to ensure the survival of a vast rural population increasingly dependent on the operations of non-corporate forms of capital.

What I have said here about the characteristics of non-corporate capital are, of course, true only in the gross or average sense. It is admittedly an umbrella category, hiding many important variations within it. Informal or non-corporate units, even when they involve significant amounts of fixed capital and employ several hired workers, are, by my description, primarily intended to meet the livelihood needs of those involved in the business. Often, the owner is himself or herself also a worker. But this does not mean that there do not exist any informal units in which the owner strives to turn the business toward the route of accumulation, seeking to leave the grey zones of informality and enter the hallowed portals of corporate capitalism. This too might be a tendency that would indicate upward mobility, as well as, change in the overall social structure of capital.

### **Peasant Culture and Politics**

In a recent lecture, the sociologist Dipankar Gupta has taken note of many of these features of changing peasant life to argue that we need a new theoretical framework for understanding contemporary rural society.<sup>10</sup> One of the features he has emphasized is the sharp rise in non-agricultural employment among those who live in villages. In almost half of the states of India, more than 40 per cent of the rural population is engaged in non-agricultural occupations today and the number is rising rapidly. A significant part of this population consists of rural labourers who do not own land but do not find enough opportunity for agricultural work. But more significantly, even peasant families that own land will often have some members engaged in non-agricultural employment. In part, this reflects precisely the pressure of market forces that makes small peasant cultivation unviable over time because it is unable to increase productivity. As the small peasant, property is handed down from one generation to the next, the holdings get subdivided even further. I have seen in the course of my own field work in West Bengal in the last two years that there is a distinct reluctance among younger members of rural landowning peasant families – both men and women – to continue with the life of a peasant. There is, they say, no future in small peasant agriculture and they would prefer to try their luck in town, even if it means a period of hardship. Needless to say, this feeling is particularly strong

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<sup>10</sup> Dipankar Gupta (2005), *Whither the Indian Village: Culture and Agriculture in Rural India*, *Economic and Political Weekly*, February 19, pp. 751-758.

among those who have had some school education. It reflects not just a response to the effects of primitive accumulation, because many of these young men and women come from landowning families that are able to provide for their basic livelihood needs. Rather, it reflects the sense of a looming threat, the ever present danger that small peasant agriculture will, sooner or later, have to succumb to the larger forces of capital. If this feeling becomes a general feature among the next generation of rural families, it would call for a radical transformation in our understanding of peasant culture. The very idea of a peasant society whose fundamental dynamic is to reproduce itself, accommodating only small and slow changes, would have to be given up altogether. Here we find a generation of peasants whose principal motivation seems to be to stop being peasants.

Based on findings of this type that are now accumulating rapidly, Dipankar Gupta has spoken of the “vanishing village”: “Agriculture is an economic residue that generously accommodates non-achievers resigned to a life of sad satisfaction. The villager is as bloodless as the rural economy is lifeless. From rich to poor, the trend is to leave the village...”<sup>11</sup> I think Gupta is too hasty in this conclusion. He has noticed only one side of the process which is the inevitable story of primitive accumulation. He has not, I think, considered the other side which is the field of governmental policies aimed at reversing the effects of primitive accumulation. It is in that field that the relation between peasants and the state has been, and is still being, redefined.

I have mentioned before that state agencies, or governmental agencies generally, including NGOs that carry out governmental functions, are no longer an external entity in relation to peasant society. This has had several implications. First, because various welfare and developmental functions are now widely recognized to be necessary tasks for government in relation to the poor, which includes large sections of peasants, these functions in the fields of health, education, basic inputs for agricultural production and the provision of basic necessities of life are now demanded from governmental agencies as a matter of legitimate claims by peasants. This means that government officials and political representatives in rural areas are constantly besieged by demands for various welfare and developmental benefits. It also means that peasants learn to operate the levers of the governmental system, to apply pressure at the right places or negotiate for better terms. This is where the everyday operations of democratic politics, organization and leadership come into play. Second, the response of governmental agencies to such demands is usually flexible, based on calculations of costs and returns. In most cases, the strategy is to break up the benefit-seekers into smaller groups, defined by specific demographic or social characteristics, so that there can be a flexible policy that does not regard the entire rural population as a single homogeneous mass but rather breaks it up into smaller target populations. The intention is precisely to fragment the benefit-seekers and hence divide the potential opposition to the state. One of the most remarkable features

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<sup>11</sup> Gupta, p. 757.

of the recent agitations in India over the acquisition of land for industry is that despite the continued use of the old rhetoric of peasant solidarity, there are clearly significant sections of the people of these villages that do not join these agitations because they feel they stand to gain from the government policy. Third, this field of negotiations opened up by flexible policies of seeking and delivering benefits creates a new competitive spirit among benefit-seekers. Since peasants now confront, not landlords or traders as direct exploiters, but rather governmental agencies from whom they expect benefits, the state is blamed for perceived inequalities in the distribution of benefits. Thus, peasants will accuse officials and political representatives of favouring cities at the cost of the countryside, or particular sections of peasants will complain of having been deprived while other sections belonging to other regions or ethnic groups or castes or political loyalties have been allegedly favoured. The charge against state agencies is not one of exploitation but discrimination. This has given a completely new quality to peasant politics, one that was missing in the classical understandings of peasant society.

Fourth, unlike the old forms of peasant insurgency which characterised much of the history of peasant society for centuries, there is, I believe, a quite different quality in the role of violence in contemporary peasant politics. While subaltern peasant revolts of the old kind had their own notions of strategy and tactics, they were characterised, as Ranajit Guha showed in his classic work, by strong community solidarity on the one side and negative opposition to the perceived exploiters on the other. Today, the use of violence in peasant agitations seems to have a far more calculative, almost utilitarian logic, designed to draw attention to specific grievances with a view to seeking appropriate governmental benefits. A range of deliberate tactics are followed to elicit the right responses from officials, political leaders and especially the media. This is probably the most significant change in the nature of peasant politics in the last two or three decades.

As far as peasant agriculture is concerned, however, things are much less clearly developed. Small peasant agriculture, even though it is thoroughly enmeshed in market connections, also feels threatened by the market. There is, in particular, an unfamiliarity with, and deep suspicion of, corporate organizations. Peasants appear to be far less able to deal with the uncertainties of the market than they are able to secure governmental benefits. In the last few years, there have been hundreds of reported suicides of peasants who suddenly fell into huge debts because they were unable to realise the expected price from their agricultural products, such as tobacco and cotton. Peasants feel that the markets for these commercial crops are manipulated by large mysterious forces that are entirely beyond their control. Unlike many organizations in the informal non-agricultural sector in urban areas that can effectively deal with corporate firms for the supply of inputs or the sale of their products, peasants have been unable thus far to build similar organizations. This is the large area of the management of peasant agriculture, not as subsistence production for self-consumption, but as

the field of non-corporate capital, that remains a challenge. It is the political response to this challenge that will determine the future of peasant society in India in the twenty-first century.

It is important to emphasize that contrary to what is suggested by the depoliticized idea of governmentality, the quality of politics in the domain of political society is by no means a mechanical transaction of benefits and services. Even as state agencies try, by constantly adjusting their flexible policies, to break up large combinations of claimants, the organization of demands in political society can adopt highly emotive resources of solidarity and militant action. Democratic politics in India is daily marked by passionate and often violent agitations to protest discrimination and to secure claims. The fact that the objectives of such agitations are framed by the conditions of governmentality is no reason to think that they cannot arouse considerable passion and affective energy. Collective actions in political society cannot be depoliticized by framing them within the grid of governmentality because the activities of governmentality affect the very conditions of livelihood and social existence of the groups they target. At least that part of Indian democracy that falls within the domain of political society is definitely not anaemic and lifeless.

Interestingly, even though the claims made by different groups in political society are for governmental benefits, these cannot often be met by the standard application of rules and frequently require the declaration of an exception. Thus, when a group of people living or cultivating on illegally occupied land or selling goods on the street claim the right to continue with their activities, or demand compensation for moving somewhere else, they are in fact inviting the state to declare their case as an exception to the universally applicable rule. They do not demand that the right to private property in land be abolished or that the regulations on trade licences and sales taxes be set aside. Rather, they demand that their cases be treated as exceptions. When the state acknowledges these demands, it too must do so not by the simple application of administrative rules but rather by a political decision to declare an exception. The governmental response to demands in political society is also, therefore, irreducibly political rather than merely administrative.

I must point out one other significant characteristic of the modalities of democratic practice in political society. This has to do with the relevance of numbers. Ever since Tocqueville in the early nineteenth century, it is a common argument that electoral democracies foster the tyranny of the majority. However, mobilizations in political society are often premised on the strategic manipulation of relative electoral strengths rather than on the expectation of commanding a majority. Indeed, the frequently spectacular quality of actions in political society, including the resort to violence, is a sign of the ability of relatively small groups of people to make their voices heard and to register their claims with governmental agencies. As a matter of fact, it could even be said that the activities of political society represent a continuing critique of the paradoxical

reality in all capitalist democracies of equal citizenship and majority rule, on the one hand, and the dominance of property and privilege, on the other.

But the underside of political society is the utter marginalization of those groups that do not even have the strategic leverage of electoral mobilization. In every region of India, there exist marginal groups of people who are unable to gain access to the mechanisms of political society. They are often marked by their exclusion from peasant society, such as low-caste groups who do not participate in agriculture or tribal peoples who depend more on forest products or pastoral occupations than on agriculture. Political society and electoral democracy have not given these groups the means to make effective claims on governmentality. In this sense, these marginalized groups represent an outside beyond the boundaries of political society.

The important difference represented by activities in political society, when compared to the movements of democratic mobilization familiar to us from twentieth-century Indian history, is its lack of a perspective of transition. While there is much passion aroused over ending the discriminations of caste or ethnicity or asserting the rightful claims of marginal groups, there is little conscious effort to view these agitations as directed towards a fundamental transformation of the structures of political power, as they were in the days of nationalist and socialist mobilizations. On the contrary, if anything, it is the bourgeoisie, hegemonic in civil society and dominant within the state structure as a whole, which appears to have a narrative of transition – from stagnation to rapid growth, from backwardness and poverty to modernity and prosperity, from third-world insignificance to major world-power status. Perhaps this is not surprising if one remembers the class formation of the passive revolution: with the landed elites pushed to a subordinate position and the bureaucratic-managerial class won over by the bourgeoisie, it is the capitalist class that has now acquired a position to set the terms to which other political formations can only respond.

The unity of the state system as a whole is now maintained by relating civil society to political society through the logic of reversal of the effects of primitive accumulation. Once this logic is recognised by the bourgeoisie as a necessary political condition for the continued rapid growth of corporate capital, the state, with its mechanisms of electoral democracy, becomes the field for the political negotiation of demands for the transfer of resources, through fiscal and other means, from the accumulation economy to governmental programmes aimed at providing the livelihood needs of the poor and the marginalized. The autonomy of the state, and that of the bureaucracy, now lies in their power to adjudicate the quantum and form of transfer of resources to the so-called “social sector of expenditure”. Ideological differences, such as those between the Right and the Left, for instance, are largely about the amount and modalities of social sector expenditure, such as poverty removal programmes. These differences do not question the dynamic logic that binds civil society to political society under the dominance of capital.

Let me summarize my main argument. With the continuing rapid growth of the Indian economy, the hegemonic hold of corporate capital over the domain of civil society is likely to continue. This will inevitably mean continued primitive accumulation. That is to say, there will be more and more primary producers, i.e. peasants, artisans and petty manufacturers, who will lose their means of production. But most of these victims of primitive accumulation are unlikely to be absorbed in the new growth sectors of the economy. They will be marginalized and rendered useless as far as the sectors dominated by corporate capital are concerned. But the passive revolution under conditions of electoral democracy makes it unacceptable and illegitimate for the government to leave these marginalised populations without the means of labour to simply fend for themselves. That carries the risk of turning them into the “dangerous classes”. Hence, a whole series of governmental policies are being, and will be, devised to reverse the effects of primitive accumulation. This is the field in which peasant societies are having to redefine their relations with both the state and with capital. Thus far, it appears that whereas many new practices have been developed by peasants, using the mechanisms of democratic politics, to claim and negotiate benefits from the state, their ability to deal with the world of capital is still unsure and inadequate. This is where the further development of peasant activities as non-corporate capital, seeking to ensure the livelihood needs of peasants while operating within the circuits of capital, will define the future of peasant society in India. As far as I can see, peasant society will certainly survive in India in the twenty-first century, but only by accommodating a substantial non-agricultural component within the village. Further, I think there will be major overlaps and continuities in emerging cultural practices between rural villages and small towns and urban areas, with the urban elements gaining predominance.

I have also suggested that the distinction between corporate and non-corporate capital appears to be coinciding with the divide between civil society and political society. This could have some ominous consequences. We have seen in several Asian countries what may be called a revolt of “proper citizens” against the unruliness and corruption of systems of popular political representation. In Thailand, there was in 2006 an army-led coup that ousted a popularly elected government. The action seemed to draw support from the urban middle classes that expressed their disapproval of what they considered wasteful and corrupt populist expenditure aimed at gaining the support of the rural population. In 2007, there was a similar army-backed coup in Bangladesh where plans for parliamentary elections have been indefinitely postponed while an interim government takes emergency measures to clean the system of supposedly “corrupt” politicians. Reports suggest that that move was initially welcomed by the urban middle classes. In India, a significant feature in recent years has been the withdrawal of the urban middle classes from political activities altogether: There is widespread resentment in the cities of the populism and corruption of all political parties which, it is said, are driven principally by the motive of gaining

votes at the cost of ensuring the conditions of rapid economic growth. There is no doubt that this reflects the hegemony of the logic of corporate capital among the urban middle classes. The fact, however, is that the bulk of the population in India lives outside the orderly zones of proper civil society. It is in political society that they have to be fed and clothed and given work, if only to ensure the long-term and relatively peaceful well-being of civil society. That is the difficult and innovative process of political management on which the future of the passive revolution under conditions of democracy depends.