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India: the next superpower?: globalisation, society and inequalities

Report

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➤ Globalisation, Society and Inequalities

Harish Wankhede

Introduction

Paradoxical judgments are intrinsic to the idea of development. India, the second fastest growing economy in the world, is also known for the vast majority of people living in acute poverty and impoverishment. Despite the fact that India's neo-liberal economy is backed by experts in global economy and its model of development has indeed reduced economic inequalities, India is still home to more poor people than the whole of Sub-Saharan Africa (455 Million in 2005). However, poverty measurements are not the sole criterion to understand the hurdles which restrict inclusive development¹. On most of the other social indicators, multiple forms of inequalities still persist. For example, more than one third of women are anemic in India, 42 percent of children are malnourished and the share of Scheduled Castes/Scheduled Tribes and Religious Minorities in formal and informal sector employments is very low. In the light of such stark facts, the hope that India will emerge as an economic superpower in 2025 appears to be a distant dream.

India's economic liberalisation may be here to stay, but the question one must address is how the economic regime will respond to the growing socio-economic inequalities of its subjects? In this analysis, the question of inequality is addressed by evaluating its relationship with the state, globalisation and democracy. My objective here is to illustrate how both the liberal state and the adopted framework of market economy serve in a cumulative way the interests of dominant capitalist classes and systemised socio-economic inequalities. It is in fact democracy itself that provides the space for the affected groups and communities to raise their voice for justice and fairness. It will be therefore interesting to observe how the growing democratic consciousness amongst deprived and marginalised groups concerning their systematic exclusion from the market will allow them to take radical measures to achieve substantive justice in the future.

STATE, INEQUALITIES AND ECONOMIC DEVELOPMENT

The constitution of Independent India is an idealised rhetoric which the majority of the population continues to celebrate. It envisages a society based on the ethical values of individual freedom, socio-economic liberties and communal harmony. The modern constitutional principles are grand compromises derived following a highly contested discourse of nation-building, economic development and social change.

There is general acceptance that the socio-economic conditions of contemporary Indian society, that is, the functional social relationships and the overlapping mode of production, are exploitative with respect to the majority of the population and particularly for Dalits, women and religious minorities.

¹ 'Inclusive development' is defined here as the recognisable and fair participation of various ascriptive communities in the process of economic growth.

Confronted with a society harbouring manifold oppressions, the nation builders have shown a committed effort to the enlightened vision of establishing a just society, transcending the obstacles of casteism, communalism, feudalism and capitalist exploitation. The concepts of justice derived during such a complex period, are therefore rooted within the dynamics of social structure and the contestations that it generated, transforming the classical concept of universal justice into a new institutional framework to handle the multiple modes of inequality in the society. The Constitution validates the necessity of fundamental rights for all citizens, a socialism-sensitive welfare state, promotes and protects minority interests with its secularism doctrine and advises structural changes for the socially deprived sections through various measures of affirmative actions. These ideas on the whole express the commitment of the Indian state to end multiple forms of manmade inequalities. However, even such multiple strategic institutional norms fail to guarantee justice to a vast number of Indian citizens.

The institutional setup and its practices conserve the existing socio-economic structures in the interests of the social elites. The socialist dream of the Nehruvian era was high on optimism but failed to fulfil the hopes and expectations of ordinary people. State institutions do advocate people-centric development but the control and interest of the dominant classes and castes hardly allowed it to happen. A very small group of educated, middle class men holding reputed social status and economic power became the beneficiaries of it and large numbers of people within various communities were almost left out of this framework. The possible instrumentality of the welfare state for the greater empowerment of the oppressed and the marginalised sections had very limited success. It did mark a substantive shift from the economic stagnation of colonial India, however, it has failed to promote the actual wellbeing of its citizenry. The number of people living under the official poverty line reached a staggering high even after the two decades of the mixed economy (it was 45.3 percent in 1951-52, 47.4 percent in 1955-56, 45.3 percent in 1960-61, 56.8 percent in 1965-66 and 52.9 percent in 1970-71).

The rhetoric of state-laden development ensured a quasi-political awakening amongst certain social groups which were protected and supported by the state (mainly the Dalits), but to little effect, as other forms of inequalities persisted at very high levels. The position of women, Backward Classes and Muslims on most of the indicators of social development was unimpressive and they remained at the bottom in terms of prosperity. Faith in modernity and political democracy prevented most of the underprivileged sections of society from openly challenging the inertia shown by the state towards their empowerment. Whilst the democratic polity flagged pertinent questions of socio-economic disparities (the famous *Garibi Hatao* (Eradicate Poverty) slogan by the Prime Minister Indira Gandhi in 1980s general elections) the ruling political elites showed little interest to craft substantive economic policies so that the concerns and the interests of the poor could be served. At a later stage, mainly in the 1970s and 80s, the devalued and non-performing nature of Indian economy (the growth rate was very low (3.6 average) and even declined to 2.4 percent in 1971-80) paved substantive reasons for the 'neo-liberal genre' to convert the state into a libertarian state for open economy.

GLOBALISATION AND INEQUALITIES

In the 1990s India officially entered the competitive world of emerging economies, opening its borders for the developed countries to improve its economic conditions. The supporters of market economy argued that with the reduction of trade barriers between countries, a large influx of facilities related to industrial production, capital flow through foreign direct investments (FDI), and technological support would modernise industry and create millions of jobs across the sectors of the economy. The new wave of economic restructuring under the New Economic Policy (NEP) was expected to have a tremendous impact on improving the economic conditions of all Indian citizens, irrespective of gender, regional, social and religious differences. The pro-development literature promises that with the rapid enhancement of capital and swift industrialisation, economic inequalities will be reduced substantially.

With such economic growth, it was thought that the reduction of poverty would be inevitable. Such positive assumptions drew the policy makers to adopt aggressive neo-liberal measures in key sectors of the economy. The state-controlled economic sectors were opened up to private holdings, regulations and welfare measures were reduced considerably and labour laws and policies were restructured, mostly in the favour of the market economy and to enhance the productive capacities of the respective sectors.

Liberalisation and economic development become synonymous terms, relegating other indicators of inclusive growth (such as agricultural production, literacy, health, education, and children welfare) to supplements of the market economy. Rather than the 'people-centric' framework, the new passion for achieving targeted Gross Domestic Product (GDP), economic efficiency and increase in production capacities became the prime assessments of growing economy. There is a merit in the positive contemplation of global market economy, as the Planning Commission data shows that there has been a clear reduction in poverty over the last two decades. It has been consistently argued by the promoters of Globalisation that the actual numbers of people living below the poverty line has decreased (from 54.9 percent in 1973-74 to 26.1 percent in 1999-2000), but these figures are contested and many on the left have argued that the reduction in poverty has been shown by simply replacing the conventional measurements used to study poverty. For example, the 2400 calorie intake measurement was reduced to 1868 in the 'indirect poverty' method adopted by the Planning Commission.

In a similar vein to the utopia created by the promoters of state-based welfare economy, the pro-liberalisation camp campaigned for its politics with the rhetoric of reducing inequalities. Whilst the growth story is impressive in the service sector, and in particular in Information Technology, the rural agricultural economy has shown negative growth and unemployment among the rural poor has increased. The causes of this negative development within the agricultural sector stem from the deflationary policies adopted under WTO dictates and the withdrawal of subsidies to farmers (in the procurement of seeds, fertilizers, pesticides, electric power and bank credits),

with the result that farmers have been unable to compete globally amid market price volatility. The seminal rise of cases of starvation and malnutrition in Orissa, the growing numbers of cases of suicide among farmers in Maharashtra and Andhra Pradesh and the prolonged agitations of farmers in West Bengal (Nandigram and Singur) and Uttar Pradesh (UP) (Bhatta-Parasol) for land rights depicts that the agricultural sector is facing severe crises in the post reform era.

The non-agricultural economy (the growing service sector) mostly benefits the urban middle class groups with access to good education facilities and other resources. In contrast, Dalits, women and Muslims face discrimination in employment and wage payments on the pretext of merit, efficiency and suitability. A field survey report by *Action Aid* demonstrated that the labour market usually functions under the aegis of traditionally dominated class/caste groups and elsewhere nepotism, conventional networks, and kinship play a detrimental role. The Dalits, who are otherwise regarded as an 'outsider' to the idea of entrepreneurship, are the unwelcomed entrants in the domain of market economy and thus face discrimination, including the practice of untouchability. The market is not 'rational-secular' in an ideal sense but follows these unethical modes to achieve its particular objectives. The state sponsored Sachar Commission Report (2006) thus argued that the benefits of the market (ATM machines, Access to Bank credits, Educational Institutes, Hospitals, etc.) remained out of the reach of Muslim communities that face identical discrimination to Dalits in the labour market. Whereas Dalits and Muslims are substantively excluded from the profits of the global economy, there is a serious attempt to 'include' the Tribals in the course of development without their own consent. The tribals of Orissa and Chhattisgarh have taken to radical means by adopting the Maoist-Naxalite path and have persistently shown opposition to the mega development plans proposed by the state and multinational corporations.

The market economy further practices the conventional mode of economy and hardly disturbs the status quo of inequalities. The well-off classes and groups have benefitted most from the economic reforms

and a significant number of people have entered into the category of middle class. However, it is difficult to locate whether the classes which were poor, marginalised and oppressed in the past have actually been empowered by the NEP. In addition, the market economy has stratified the status quo in other spheres. Development at the regional level indicates that some of the states were conventionally prioritised over others which resulted in a strict dichotomous relationship between the developed states (Maharashtra, Gujarat, Karnataka and Kerala) and backward states (Orissa, Bihar, Uttar Pradesh (UP) and Madhya Pradesh (MP)); the latter states have shown negative growth rate even in the post liberalisation period. The market economy has not reduced the gap between these states. This regional disparity is further sanctified by multiple forms of inequalities among different social groups at the national and the state levels. The numbers of illiterate women in the backward regions are more, and their share in education and employment is dismal in comparison to the developed states. The poor tribal population in Orissa are more vulnerable than that of Rajasthan. Urban poverty amongst Muslims is very high in comparison to other social groups in some states including West Bengal (27 percent), UP (44 percent) and Maharashtra (49 percent). The Other Backward Classes (OBCs) amongst the Muslims are also more illiterate (61.9 percent literacy in comparison to the national average of 65.7 percent amongst the Hindu OBCs) and poorer (35 percent of the Muslim population is below poverty line compared to the 28 percent at the national average).

At the macro level, the post-liberalisation economic policies have demonstrated striking improvements in the majority of social development indicators. In the first decade of economic liberalisation experts witnessed the decline of low income households from 65 percent in 1984 to a mere 36 percent in 1999-2000, a rise in the literacy rate to 65.1 percent and sudden growth in the service sector employment owing to the Information Technology Revolution. However, the impact on the removal of obstacles to social and economic mobility for the most deprived groups has been less impressive. The most deprived social groups still suffer under extreme conditions of poverty (rural poverty amongst Dalits remained high with 36 percent compared with non Dalits

with 21 percent); ill health (infant mortality is highest amongst the rural poor Dalits at 90 per 1000 live births); and poor education (the literacy rate among the Dalits is the lowest in India at 52.2 percent).

The theory that the market economy equalises and frees citizens to pursue their economic betterment is not borne out by actual facts in the context of India. The constraints of poverty, gender discrimination, regional inequality, caste oppression and communal stereotypes play a decisive role in excluding sections of society from the spheres of economy. The inaccessibility of the market kept these communities away from the profits of NEP. Inequalities among citizens persist because market practices are determined by unequal and unfair treatment of the people. As a result, wider democratic assertions of affected people have risen significantly in the last decade.

DEVELOPMENT AND DEEPENING INEQUALITIES

The idea that liberal market reforms will bring prosperity to the majority of citizens has always been a highly contested judgment. A conscious exclusion of categories, mainly of the poor sections of society, has become an integral part of the contemporary process of development. Conditions created by such lopsided economic arrangements have produced new forms of hierarchies within gender, regional, caste and at the community levels.

The Dalits, who comprise almost 17 percent of the national population, have a negligible presence in the formal economy. They consistently suffer discrimination with respect to land, labour and capital. The greater dependency of Dalits on agriculture for their livelihood – mainly as landless labourers with low wage rates – has created the condition described as ‘chronic poverty’. Such discriminatory disparities remain also in the educational sectors. Even though there is a significant rise in the literacy rate among the Dalits, their participation in elementary and higher education has lagged behind significantly in comparison with the non-Dalit counterparts. Market practices further subtle discrimination in allocating resources, employment, loans and other facilities to this particular group. Owing to such conditions, Dalit political and pressure groups have started demanding newer

forms of Affirmative Action Policies in the service sector and the extension of reservation policy in private industry.

The tribal groups are geographically excluded communities which remain mostly dependent upon the natural resources available in the forests. Under the aegis of private capital and influenced by the new mantra of development, multiple acres of forest land have been acquired from them and distributed among the industrial classes for various developmental projects, without firmly addressing the basic question of compensation and rehabilitation. Mega-development projects have entailed large-scale displacement of the natives, including the Big Dam Projects at Narmada River valley, Hirakund, and Bhakra-Nangal. Apart from forced displacement, there is danger of ecological destruction (the iron-ore mining has the capacity to contaminate the ground water and natural water falls of the forest, making it unsafe for drinking) as observed in the case of the current Posco project in Orissa. Such developmental models have a capacity to drive many communities to destitution and disempowerment, as shown through the unlawful occupation by the *Mining Mafia* of mineral and resource-rich land in Andhra Pradesh and Jharkhand. The tribal groups of these areas are mobilised by ultra-left forces (Naxals-Maoists) and have on occasions resorted to violent means to oppose multinational companies from seeking to exert control over natural resources.

The Muslim community in contemporary India is the victim of multiple prejudices and stereotypes. Their degraded socio-religious identity is further supplemented by their deepening poverty and educational backwardness. Their presence in the formal labour market is miniscule and even in the informal sector Muslims are restricted to mainly manual and semi-skilled labour jobs. In the absence of basic human capabilities (dignity, education and health) the majority of poor Muslims remain excluded from the benefits of the NEP. The new era of economic reforms offers them very little hope under such conditions and the growing destitution among the young generation can lead them towards criminal activities, religious fundamentalism and extremism. Economic exploitation can cause multiple forms of deprivations, including the denial of education,

health hazards and social insecurity. Such denial to possess basic capabilities because of poverty and unemployment makes economic exploitation one of the worst forms of oppression. Further segmentation and valuation of labour based on a non-economic criterion (socio-religious identities) not only restrict the entry of these groups in the open market economy but also become a source of discrimination. The poor with degraded socio-religious identity in this sense are the worst affected category in contemporary India.

In the neo-liberal economy, the rural poor and the tribal communities are at the bottom of the inequality scale. The promoters of development are interested in the controlled utilisation of natural resources (land, raw materials, labour) but show little interest in locating the possibilities by which the affected sections can be integrated into their heightened economic endeavour. In most cases, development projects ignore the essential needs of the poor, misunderstand their socio-economic conditions and hardly bother about the spiritual-cultural bonding that these people attach to the natural resources themselves.

The liberal political project is celebrated by the marginalised and poor as it provides them respectable space to raise their voices against any form of injustice. In India, the growing people's movement against NEP are the responses of the underprivileged sections that were excluded from the process of development. Democracy as a tool is utilised by the affected sections to mobilise people against grand economic projects for making it fair and inclusive. At a time when economic development excludes the poor and marginalised groups from its purview, it is the democratic spaces which include their voices to demand justice from the state.

CONCLUSION

The period of liberalisation has produced two economic systems: one represented by the urban economy, based on the service sector and mainly profitable to the smaller but dominant section of the educated middle classes. On the other side is the majority (rural poor, socially deprived groups, tribals, women and Muslims) who have little hope that their situation will be empowered under the changed conditions.

Understanding the value of economic exploitation, based on poverty indices, will not ensure remedies to multiple forms of inequalities faced by these groups. Providing an equal space to other forms of exploitation (social, religious, cultural) is indispensable while redefining the question of growing inequalities.

The social and political marginalisation of these groups from the public spaces in general and from the institutions of influence (including the economy) in particular has made them the most vulnerable communities. Their identities are prejudiced and condemned as 'others' in the social life. Moreover, the liberal economy is itself not free from the influence of social and political maladies. In the sphere of the open economy, the participant is not treated as an aspired individual with rational attributes, talent and free choices, but his or her role and calibre is largely determined by his or her possessed social position and status. In this respect, the Dalits, Muslims and tribal groups' social exclusion presages their disadvantaged status in the sphere of modern economy.

The liberal market economy and democratic freedom hypothetically guarantees every individual free choice in determining their economic and political objectives. However, in a very real sense both arenas are controlled by the same societal values against which such ideals were developed. The current understanding of development has not produced economic freedom in any substantial way. If the market discriminates and excludes certain communities from its purview on the basis of specific group identities, then the market has failed in protecting the rights of the individual as a free agent of their own will in the open economy. The future of the market economy is dependent upon its capacity to reduce the discrimination and marginalisation of these unequal citizens. ■