Political Economy of Agrarian Crisis and Subsistence Under Neoliberalism in India

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Abstract

Indian State, in the neoliberal era, no longer intervenes in the agricultural markets and provides market stabilisation, input subsidies, technology and extension, etc. Instead, it offers various welfare schemes to the targeted sections of poor. Amidst all this, a steady groundswell of small farmers joining the petty commodity production is becoming the marker of Indian agriculture. This presents a rather curious picture of persistent petty production as a dominant mode of production, which differs considerably from the experience in agrarian transition elsewhere. Petty commodity production in agriculture becomes means of survival for a large majority under a particular historical-political conditions post-colonial capitalist democracy. The key questions in this context considered are: first, how does this petty production increase under conditions of distress? Second, how do small farmers cope with the conditions of distress? And third, how does the State address the distress and reproduce its hegemony and power over the masses? This paper engages with these questions in framework of neoliberal governmentality and political economy of agrarian transition.

Keywords: Small and marginal farmers, neo-liberalism, petty-commodity production, governmentality, agrarian transition.

1. Introduction

After the ‘East-Asian-Miracle’ story two decades ago, India’s growth story has emerged as the latest fairy tale. According to the World Bank development classification of nations, in next one decade India is expected to be promoted from a Low-Middle Income country to Upper-Middle-Income country. India has received other medallions such as membership into the group of ‘BRIC’ countries and has been credited as one of the ‘emerging economies’. Neoliberalism, the current global paradigm has brought not-so-easily reversible changes in India’s economic structure. However, the mammoth unorganised/informal sector, the soft underbelly of...
the shining India, continues to stare right in the face of this growth rhetoric. Agriculture constitutes a significant part of the unorganised sector, which is marred by a long silent crisis, manifesting itself in the form of farmers’ suicides. A curious feature of this sector is the growing number of small and marginal farmers either owning tiny pieces of land or leasing tiny holdings, participating in fully commercialised agriculture drawing all the inputs from market and producing for the market, and getting subjected to primary accumulation by the rest of the capitalist system. This class, despite an acute crisis of viability, continues to grow in number.

Does this class of small and marginal farmers, apparently living under a crisis, continues to grow in number? Further, is this rise momentary or a durable feature of the current development model? Can the capitalist sector absorb the surplus labour that is likely to result from those who leave the agrarian sector? How do those who are trapped in agriculture survive and subsist? What are mechanisms of subsistence within and outside for this class? This paper raises some such rhetorical questions and searches for answers in a political economy framework.

2. Rise of Small / Marginal Farmer

A glaring feature of current structure of Indian agriculture, as stated above, is the rise of small and marginal farmers who now constitute 86 percent of the total farmers and own over 43 percent of land in India. If the land under tenancy is included, whose details are officially fully not available, the share of operational holdings could be even greater. Big farmers or landlords have dwindled in number and disposed considerable share of their holdings, though they still own 56 percent of land in 2002-03. There could be some diversity across regions with different agro-climatic conditions, irrigation endowments, etc, but the common feature emerging is that agriculture is predominantly done by small and marginal peasantry. Faster urban sector growth in the recent decades led to a steady migration. Landed big farmer class are exiting from agriculture, leasing good part their lands to small farmers in several parts of India. Growth of non-agricultural sector and education further provide opportunities to many to migrate.

The 55th round of NSS data shows that 40 percent of rural incomes are diversified, which implies growth of non-agricultural opportunities enabling some structural transformation in the rural areas. In spite of migration of rural workers, the number of small and marginal farmers has been on an increase. Even though the per capita landholding size is decreasing, the overall
share of operational holdings of the class in question is rising [see table no.1].

Table 1. Distribution of Agricultural Operational and Ownership Holdings in India

<table>
<thead>
<tr>
<th>Size class (Hectares)</th>
<th>1960-64</th>
<th>1983-84</th>
<th>2002-03</th>
<th>1960-64</th>
<th>1983-84</th>
<th>2002-03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marginal (0-1)</td>
<td>391</td>
<td>50.0</td>
<td>67.0</td>
<td>6.9</td>
<td>11.3</td>
<td>12.6</td>
</tr>
<tr>
<td>Small (0.5-2.49)</td>
<td>22.6</td>
<td>19.3</td>
<td>16.3</td>
<td>12.5</td>
<td>16.0</td>
<td>20.9</td>
</tr>
<tr>
<td>Medium and Large (2.5+)</td>
<td>38.2</td>
<td>24.7</td>
<td>14.0</td>
<td>72.9</td>
<td>51.9</td>
<td>56.5</td>
</tr>
<tr>
<td>All Stars</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Note: *values are in ratio; Source: 37th, 48th; and 59th Round on Landholdings, NSS

3. The Agrarian Crisis

The contemporary agrarian crisis that began in the mid-nineties is much more than a mere outcome of neoliberal policies adopted since 1991 as contemplated by some scholars [Reddy, N and Srijit Mishra (2009)]. But the neoliberal reforms have certainly accentuated the crisis. Ecological strain resulting from an intensive mono-cropping and an extensive use of groundwater has imposed externalities [Reddy, Ratna et al (2001)]. As a result, the growth of agriculture considerably slowed down to 2.5 percent during 1991-2010 and its share in GDP declined to 13.4 percent in 2011-12. Both the labour productivity as well as land productivity have fallen by half in the last three decades and capital-labour ratio has doubled in agriculture [Behera (2012)]. As a result, employment growth has fallen to 0.16 percent. These are the symptoms of distress which compel the rural workers to migrate. Absence of adequate opportunities to migrate forces many to become subsistence farmers. And the vulnerability of losing subsistence lies in the very structure of ‘petty commodity production’.

Over two and half lakh farmers have committed suicide between 1995 and 2011 across India, including in states like Andhra Pradesh, Maharashtra, Karnataka, U.P., Punjab, Haryana and Kerala. Most of the victims belong to small and marginal farmers, and many belonging to backward class and scheduled castes. According to the data available from National Bureau of Crime Record the number of farmers suicides have been on increase year after year [Sainath,P (2012) in The Hindu]. Several scholars who have analysed the farmers suicides contend that these suicides are the legacy of the economic reforms [Parthasarathy, (2003), Revathi et al (2009), Mishra...
Table No.2. Farmers’ Suicides in India

<table>
<thead>
<tr>
<th>Year</th>
<th>Maharashtra</th>
<th>AP</th>
<th>Karnataka</th>
<th>MP &amp; Chhattisgarh</th>
<th>Total of five big states</th>
<th>All India</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>1063</td>
<td>1196</td>
<td>2490</td>
<td>1239</td>
<td>6008</td>
<td>10720</td>
</tr>
<tr>
<td>1996</td>
<td>1981</td>
<td>1706</td>
<td>2011</td>
<td>1808</td>
<td>7507</td>
<td>13729</td>
</tr>
<tr>
<td>1997</td>
<td>1917</td>
<td>1097</td>
<td>1832</td>
<td>2390</td>
<td>7236</td>
<td>13622</td>
</tr>
<tr>
<td>1998</td>
<td>2409</td>
<td>1813</td>
<td>1883</td>
<td>2278</td>
<td>8383</td>
<td>16015</td>
</tr>
<tr>
<td>1999</td>
<td>2423</td>
<td>1974</td>
<td>2379</td>
<td>2654</td>
<td>9430</td>
<td>16082</td>
</tr>
<tr>
<td>2000</td>
<td>3022</td>
<td>1525</td>
<td>2630</td>
<td>2660</td>
<td>9837</td>
<td>16603</td>
</tr>
<tr>
<td>2001</td>
<td>3536</td>
<td>1599</td>
<td>2505</td>
<td>2824</td>
<td>10874</td>
<td>16415</td>
</tr>
<tr>
<td>2002</td>
<td>3536</td>
<td>1896</td>
<td>2340</td>
<td>2578</td>
<td>10509</td>
<td>17971</td>
</tr>
<tr>
<td>2003</td>
<td>3836</td>
<td>1800</td>
<td>2678</td>
<td>2511</td>
<td>10925</td>
<td>17164</td>
</tr>
<tr>
<td>2004</td>
<td>4147</td>
<td>2666</td>
<td>1963</td>
<td>3033</td>
<td>11809</td>
<td>18241</td>
</tr>
<tr>
<td>2005</td>
<td>3925</td>
<td>2490</td>
<td>1893</td>
<td>2660</td>
<td>10959</td>
<td>17131</td>
</tr>
<tr>
<td>2006</td>
<td>4453</td>
<td>2607</td>
<td>1720</td>
<td>2858</td>
<td>11638</td>
<td>17060</td>
</tr>
<tr>
<td>2007</td>
<td>4288</td>
<td>1797</td>
<td>2135</td>
<td>2856</td>
<td>11026</td>
<td>16632</td>
</tr>
<tr>
<td>2008</td>
<td>3802</td>
<td>2105</td>
<td>1757</td>
<td>3152</td>
<td>10796</td>
<td>16196</td>
</tr>
<tr>
<td>2009</td>
<td>2872</td>
<td>2414</td>
<td>2282</td>
<td>3197</td>
<td>10765</td>
<td>17368</td>
</tr>
<tr>
<td>2010</td>
<td>3141</td>
<td>2525</td>
<td>2585</td>
<td>2365</td>
<td>10614</td>
<td>17964</td>
</tr>
<tr>
<td>2011</td>
<td>3337</td>
<td>2206</td>
<td>2100</td>
<td>2326</td>
<td>8969</td>
<td>14027</td>
</tr>
<tr>
<td>Total</td>
<td>53818</td>
<td>33326</td>
<td>37153</td>
<td>42386</td>
<td>166685</td>
<td>270940</td>
</tr>
</tbody>
</table>

Source: National Crime Records
Micro details of suicides apart, the big picture in the neoliberal phase is the rise of small and marginal farmers' undertaking high risk crops, with degraded resources, and unsupported institutional structures [Sainath (2000)]. The deflationary macroeconomics and ‘structural reforms’ of neoliberal state do not allow it to extend institutional protection to agriculture, institutional credit, affordable technology through public sector, disaster management and so on. Terms of trade are allowed to drift against the sector. Minimum support prices no longer cover the cost of cultivation of a capitalist farmer. They only accommodate the paid-out costs, with no profit when the cost of family labour, value of interest on own capital and rent own land, does not cover such full cost, forget about profit. Thus the prevailing market price which depends on the minimum support price set out by the state gives only subsistence to a self-exploiting farmer, not any re-investible surplus. This also means the prevailing prices do not allow a capitalist farmer to cultivate in the present technological conditions - a serious issue. The complacency of the state comes from the fact that the much needed marketed surplus for the modern sector is still unaffected by unremunerative prices, thanks to the teeming petty producers trapped in the sector who are ready to do agriculture with unpaid labour. Under the conditions of free market forces, untamed private moneylenders and manipulative monopolistic market structures, the ‘petty’ producer is only going to be distressed more and more, reproducing perpetual indebtedness. The paradox to this condition is the ever increasing army of small and marginal farmers, a putative antediluvian category under classical theory, but marching into the suicidal enterprise of agriculture.

The issue of agrarian constraint to capitalist growth is well-debated during the planning era. It was a widely prevalent view that modern sector’s growth suffered an accumulation crisis during mid-sixties when no palpable agrarian surplus was forthcoming. Worse, the supply shortfalls in foodgrain production in the economy posed an inflationary barrier to growth. Indian state resolved the problem to some extent through a technological means called Green Revolution. Institutional interventions were built to enable the necessary market surplus for the capitalist sector which ensure some basic viability for the farmer and productivity growth for the sector. In the neoliberal era, there are tendencies to withdraw mechanisms of intervention that involve subsidies and other expenditures, which tend to produce the crisis for the petty producers.
We need to search for structural explanations for this putative paradox of Indian political economy and make a prognosis about its future in order to attempt any emancipation project. Development economics, within the discipline of economics, offers some directions. However, because of lack of political analysis about the nature of the state and society and its lame assumptions about the state, the approach can soon degenerate into populism. ‘Mode of production’ approach in Marxist frame, in spite of several limitations, offers a strong structural analysis. Given the crucial juncture of present times, it may be the time to revisit the approach, critique it in Gramscian sense, and reclaim the useful. Recent works of Sanyal (2007) and Partha Chatterjee (2008) offer fresh perspectives in political economy which are worth examining. Regarding the question of proliferation of ‘petty production’ in Indian agriculture, one may outline five features of current state of capitalist development to understand the issue in question.

4. Mode of Production Analysis as a Method

The issue of agrarian transition and mode of production in India was debated vigorously in various issues of Economic and Political Weekly and Social Scientist in the 1970s. Characterisation about the mode of production in Indian agriculture got pegged between two positions, i.e., dominantly pre-capitalist and semi-feudal with emerging capitalist relations at one end [Patnaik (1973), Bhaduri (1976)] and dominantly capitalist relations with persisting subtle semi-feudal relations [Rudra (1978), Desai, A R (1984)]. There were other equally compelling views that capitalist relations had already entered under the colonial rule [Upadhyay (1988), Gunder (1996), Banaji (1975)], while some others held the opposite view that colonial rule introduced feudal relations and blunted growth of production forces by unequal exchange and drain of surplus against formation of potential capitalist relations [Bagchi (1998), Chandra (1984), Prasad (1987)]. The debate, as stated by Alice Thorner (1982), remained inconclusive from the diverse positions taken by the Marxist political economists and the practitioners.

The debate could not give clarity over the dynamics of change and also any clear agenda for political action. One view is that the debate on mode of production under historical materialist framework is bound to hit a dead end given its inherent obsession with the ‘base’ determining ‘superstructure’ mode. The idea of a unilinear movement of history from one epoch to the next was derived by Marx in the context of Western European historical context. While in fact, within the Europe itself, such a movement from one epoch to the other was so varied. Byres (1981) outlined at least six
distinctly different routes to capitalist transition, like, English, French, German, Russian, Japanese and American routes, and cautions against stereotyping any of them to replicate elsewhere in the same way. The transition route is largely determined by the specific historical, political and social conditions. The follies in historical materialism apart, the strength of the Marxist method lies in the moral and structural analysis of society and capitalism.

Sanyal (2007) argued that the problem with base-superstructure model is that it leaves little scope to understand the changes in the politics of society that lie in the superstructure. Antonio Gramsci called to abandon this framework for ‘state-civil society’ dichotomy which enables one to focus on the politics of the hegemonic state, while the superstructure is still not independent of the base. Stating the Italian context, Gramsci pointed out that the bourgeoisie which is too weak to overthrow feudal structures, entered into an alliance with the latter, and together form hegemonic leadership over the masses in the liberal democracies. The bourgeoisie progressively weaken the power of the feudal class through what he calls ‘passive revolution’. Gramsci’s characterisation suits most of the countries where bourgeois revolutions have failed to take place. Partha Chatterjee (2004), while accepting Gramsci’s state-civil society model as a highly useful model to analyse the politics, provides a caveat to it for understanding post-colonial states. In developing countries civil society constitute a minute share of population; a huge section of population owning no property lie outside civil society, what he chose to call ‘political society’. Political society is one which doesn’t have all rights of citizenship, but has a right to franchise. Squatters, street vendors, urban slum dwellers, landless poor, dalits who may till assigned lands etc, constitute this political society (Chatterjee, 2004). Their means to survival do not often have legal entitlements, but the state would patronise them by protecting their otherwise illegal existence. Managing political society, for him, is a key to the politics of the third world developmental state like India. The competitive electoral politics gives some scope for the political society to negotiate incremental benefits. Chatterjee further argues that the state, as in the West, uses various governmental technologies that engage the populations, produced by statistics in various programme termed as ‘development’. This is further helped by international capital through funding various Non-Governmental Organisations (NGOs) who supplement the governmentality. Extending the Chatterjee’s logic, it is plausible to argue that with the exit of upper caste landed sections from agriculture who were the last influential section on state policy, the newly arriving small and marginal
farmers from lower castes belong the political society who are in position to stake claims on development, instead content with welfare benefits in terms of NREGA, pensions, PDS, housing loans, etc.

5. Capitalist Development and Petty Production in India

India’s path of capitalist development is perhaps distinct in five aspects. First of all, India took to liberal political democracy, even before any substantial capitalism developed as in classical Western capitalist countries. A liberal democracy in polity, without a bourgeoisie revolution, without adequate capitalist development in the economy, is perhaps unique to India. However, the progressive weakening of feudal sections and dominance of bourgeoisie is quite visible in Indian politics. It is interesting to observe coincidence of entry of global capital and acceleration of Indian economic growth along with the changing political scenario. The Indian state appears to have grown in size and statecraft and has acquired capabilities to practice governmentality. Activities such as extending marginal benefits to underclass such as free education, health, public distribution of cereals, old age pensions, student scholarships, girl-child oriented schemes, and several fringe benefits in name of ‘development’ are included in the political project of the state. The state succeeds in transferring part of tax resources for maintaining political equilibrium, acceptable to the capitalist class as long as the principal concerns of the latter are attended by the state. As Karl Polanyi (1947) points out, the state always provided the subsistence whenever capitalism denied people access to survival. Even the colonial state implemented famine relief programs in India. Likewise the contemporary Indian state takes up different welfare and developmental activities to diffuse the possibility of an acute political crisis. Liberal political system succeeds in generating the hope for survival and the statecraft lies in reproducing the belief. The counter-hegemonic politics therefore cannot disengage with this process.

The second important feature is that India’s capitalist development is spearheaded by the state through forcible mobilisation of small savings. The capitalist accumulation in the modern sector more or less predominantly funded by savings from within the sector and agrarian surplus did not play any leading role in the process. Nevertheless, agrarian sector retains its importance as being a major buyer of commodities of the modern sector and supplier of food and non-food commodities to the rest of the economy. The development of large scale capitalism in agriculture remained incomplete. While abolition of intermediaries in 1950s ended the phase of large feudal
estates, agriculture for a long time was dominated by the middle peasant. Implementation of land ceilings, however perfidious, discouraged keeping large holdings. Green Revolution has enabled surplus accumulation by rich farmers in the regions with public irrigation in the Seventies and Eighties. Now more or less this class of farmers have diversified into non-agricultural occupations without giving up their ownership on land, leasing their land to small farmers in regions like Coastal Andhra. Landless labourers are becoming peasants by leasing-in these lands, even at highest rents up to 50-55 percent of produce. These tenant farmers in such regions are now the petty commodity producers. The state has distributed cultivable waste lands in several parts of the country to the landless labourers who have now joined the ranks of marginal farmers. These small owner-cultivators and the tenants, however, depend on rentier class of moneylenders, commission agents, millers, pesticide-fertilizer-seed dealers, etc., who fleece them. Thus the emergence of petty producers, either as owner-cultivators or tenants, dominantly in agriculture is a culmination of certain economic and political process.

The third aspect is concerned with state of technological conditions of development. India’s entry into capitalist path of development took place in the post-War world, when highly capital intensive condition of production had already become the norm. The modern capitalist sector requires very little labour. Hence, there is no way the surplus labour in agriculture would ever be absorbed in the modern sector, including the service sector, as contemplated by Sir Arthur Lewis. On the top of it, given the demographic transition and the population rate acceleration during 1950-80, there has been a considerable expansion of surplus rural population, and the rural sector cannot absorb this growing labour force. The push and pull factors have contributed to increased urban migration. In terms of sheer numbers, recent studies have shown that while during 1950-90 only 4% of labour moved out of agriculture into non-agriculture, in the last two decades during 1991-2010, 12% of labour has moved out – a three time increase [Behera (2012)]! If one looks at where this 16% of labour migrated to, we find that 4% of them moved to manufacturing industry, while 12% moved to service sector. Further, within industry and services, 94% of them entered the unorganised sector and only 6% could enter organised sector. Again, in the unorganised sectors in industry and service sectors, 60% of them are in self-employment category, in other words, they have become urban petty producers. In sum, there are no signs that the surplus labour in agriculture can move into modern sector in any substantial proportion. The thriving capitalist sector has no place for
them. Even when they are forced to migrate, majority of them end up in the urban unorganised sector, a good proportion of them as self-employed self-exploiting petty commodity producers. Thus petty commodity production seems to have emerged as a substantial mode of production in India.

The fourth aspect is, even though primitive accumulation in agriculture is blunted in certain ways, it does not mean such a process is absent fully. The state facilitated primitive accumulation process, displacing people for construction of dams, public sector units and mining through land acquisition laws. Since the scale of acquisition had been relatively low, the primitive accumulation process, understood as one that would dispossess the peasants of their means of subsistence, has remained relatively marginal. In the neoliberal times, there is a bid to expand the same process for Special Economic Zones, thermal and nuclear power projects, national superhighways, and mining. At the same time, there has been a militant resistance to it by the marginalised sections, in several places in India, for example, Singur and Nandigram in West Bengal, Dantewada in Chhattisgarh, in Narayanpet against POSCO in Orissa, in Sompeta against thermal plant and in Kovvada against nuclear plant in Andhra Pradesh, in Thane district against Reliance SEZ in Maharashtra, in Kundakulam against nuclear plant in Tamil Nadu, and so on. Several studies have shown that middle and big farmers are interested to give up their lands for market price, while small peasants are trying to resist acquisition. Overall, one could still say that direct primitive accumulation is still marginal, while it is practiced in indirect way through terms of trade. Given the lack of large scale primitive accumulation and political legacy of anti-colonial struggle, the petty producers as a class continue to prevail.

Fifth, Indian politics have undergone substantial change in the past six decades. The class coalition dominated by intermediate classes shaped the public policy in the early phase (K N Raj (1973). The dominant coalition of bureaucracy, industrial bourgeoisie and agrarian landed classes is negotiated by the state, which led developmental process in the planning era [Bardhan (1987)]. However, in recent decades the one-party dominance of Congress party in liberal politics has come to an end with the emergence of regional parties. Various social movements such as dalit movement, women’s movement, anti-dam movements, anti-corruption movement, have added new dimensions of politics to public policy. It would be incorrect to ignore the contribution of these social movements to the politics of self-assertion. Some of them are partly co-opted by the state through governmentality, like
women’s self-help groups. Lamia Karim (2011) has done an excellent work on microfinance enterprise in Bangladesh where she showed how the poor self-employed women are made to rally around for getting tiny loans, never sufficient to get out of poverty. It is perhaps a suitable model for global finance with 100 percent recovery rates, which also keeps the neoliberal state happy for transferring its public responsibilities. People’s informal enterprises face more serious impediments to get out of poverty levels (NCEUS, 2008). In recent times Indian state has managed to innovate several schemes which include MNREGA, health insurance models, many couched in language of rights to attract popular vote [Chatterjee (2008)]. These measures, at best have been continuously pushing the boundaries of public policies and petty producers could be the beneficiaries, the doles will supplement the shortfalls income from their own enterprise to survive and subsist.

The final sixth aspect is the current phase of neo-liberalism of the world capitalism. After colonialism, perhaps as never before the capital has globalised and pushed the ideology of economic nationalism behind. After the fall of the Soviet Union, armed with the information technology, globalised capital has captured the twin-Brettonwood institutions, the IMF and the World Bank, to establish a new global hegemony over nations and has been compelling the nations to change their domestic policies to facilitate free entry and exit for the global capital in short and long term. This has created new opportunities for nations like India to access global capital and accelerate its growth rates, but at the same time compelled it to observe certain financial discipline required for the international solvency. All these are well known and well documented. But a point about the labour that did not receive enough attention so far is that this new global hegemony has reversed the project of formalising the informal sector. Through labour market flexibility and informalisation, the labour market dualism has nearly ended, including the so-called new economy [Breman (2002)]. Whatever rights the working class has won over the centuries have been pushed back to pre-industrial revolution times. What is the future of petty commodity production under neoliberalism? If we assume that institutional support structures built during the planning era gave the essential viability of agriculture, can the petty producers survive in their absence? Part of Indian agriculture still receives support in terms of fertiliser subsidies, power subsidies, minimum support prices (for rice, wheat, and sugarcane), procurement of food grains, etc. Various studies have brought clearly the fact that in spite of such support, the viability of farming has been severely affected [Ramanamurthy and Mishra (2012)]. In fact, most
agricultural households survive with kinship support. Therefore, the poor agricultural households survive and subsist from multiple support structures such as direct state support to agriculture, kinship relations and the state sponsored social welfare schemes such as MNREGA, public distributions, old age pensions, public education and public health. Therefore, the tenacity of the subsistence peasantry is rooted in complex social and political mechanisms.

6. Concluding Remarks

The growing number of small and marginal farmers –self-exploiting subsistence petty producers in a thriving capitalist system is perhaps the paradox to stay here for a long time to come. This is a result of a range of historical, political and economic factors that have shaped the trajectory of Indian development process. The present capitalist system has no capacity to transform this non-capitalist sector or absorb its dependents. Capitalist sector uses agricultural sector to produce foodgrains and raw materials, managed by the tiny subsistence producers; who are systematically pauperised in the exchange. However, the large section of people the sector for being stakeholders in the liberal political system, their subsistence gets addressed in a different way. State, under neoliberal phase, is no longer in a mood to set parity in prices, give subsidies or intervene in the markets as it did earlier. Capitalist development inevitably results in primitive accumulation, displacement and impoverishment. Poverty generated by the structural conditions of dualist economy becomes a subject of political management for the state. The liberal state reproducers its hegemony through though transferring welfare to prevent any large scale upheavals. Optimised welfare distribution through new governmental technologies marks a departure from stance developmental state. Economy will be decided by markets and state peddles welfare. Whether or not the neoliberal capitalism fumbles in this gamble, it is important to analyse the transition and push it towards more radical ends.

Footnotes

1 Petty commodity production usually with no savings potential, depends on private borrowing at high rates of interest rates, buys inputs in small quantum at higher prices, and cannot afford high investments, thus gets trapped in a low equilibrium trap. The ability to bear market and production risk also is limited for not having enough capital base. Trapped in interlocked markets, paying premium prices, operating under extreme competitive conditions push market
prices below cost of production. It has a tenacity to exist by not accounting own labour and in short run subsistence is produced. But in the long run, the economic unit fails to earn the fundamental viability.

2 Ashok Mitra (1977) argued that the kulak class prevails over the public policy through influencing agricultural price policy which kept the terms of trade to shift in favour of agricultural, affecting the industrial accumulation.

3 Governmentality is Foucaultian term which refers to a process of dividing populations into groups which are amenable for statistical measurement, using Census and other methods, and fixing governmental programs to the targeted groups and thereby gaining a biopower over the groups, the participation of members in the program gives the state a positive power over the population besides the sovereign power it already has. This power over groups is a discursive power which keeps them fractured.

4 In irrigation-endowed regions, middle and big peasants continued to hold land under benami titles, land holding size eventually came down in the natural mutation.

5 Even after the recent amendment, it still allows forcible acquisition of land for public sector use, dubbed as ‘public use’ at slightly negotiated market price.

References


