

Issues and Challenges of Democratizing the Largest Democracy of the World through the Lens of an Economist

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India is the seventh largest (by area) and the second most populous country in the world, with roughly one-sixth of its population, of about a billion and a quarter. It is the world's largest democracy. It is one of the world's oldest civilizations yet, a very young nation. Elections to its Parliament are held once every 5 years. It is a constitutional republic governed under the world's longest written constitution, federally consisting of 28 states and seven centrally administered union territories. The country has three main national parties: the Indian National Congress (INC), Bharatiya Janata Party (BJP), and the Communist Party of India (Marxist) (CPIM). The Indian National Congress has governed the country for three-fourth of the time since Independence from Britain in 1947, under the *de facto* one party system and now, under the dominant-party system in a coalition government. At the level of its states, many regional parties stand for elections to state legislatures, every five years. The success of democracy in India defies many prevailing theories. Indian democracy is best understood by focusing on how power is distributed.

Religion plays an important role in Indian politics. For many political parties support depends greatly on differentiating the electorate along religious lines. Another important factor is the division of population (the majority Hindu population) on caste lines. Caste is a social institution in India which divides the population in hierarchies which one attains by birth. The caste system crosses religious boundaries to infect both Hindu and Islamic peoples. Hindus have four main castes and hundreds of sub-castes. Many political parties draw supporters from specific castes or sub-castes. The four main castes in the descending order of their hierarchies are *Brahmins* (the priest), *Kshatriyas* (the warriors), *Vyashyas* (the traders) and *Shudras* (the labourers). *Shudras* are the most oppressed class. In modern India they are known as Scheduled Castes (SCs). From the very beginning of the Independence the Constitution of India guarantees reservation of seats in public educational institutions for SCs as well as for Scheduled Tribes (STs). There is also reservation of jobs in public sector organizations for SCs and STs. The basic objective of this reservation is to improve the socio-economic conditions of the SC and ST population and to end the age-old social oppression on them by the upper castes like Brahmins, Kshatriyas and Vyashyas. SC/ST reservation is also there in parliamentary seats, state legislatures as well as at local level governments including village *Panchayats* and urban municipalities. There are several political outfits in India which have been formed on the caste lines like Bahujan Samaj Party (BSP) which represents the *Dalits'* voice. SC population in India in the local parlance is known as *Dalits* meaning oppressed. Often the causes of SCs (particularly those pertaining) to various types of reservations remain at the bone of contention between different political parties and have

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influenced many elections' agenda – particularly at the state level. In the state of Uttar Pradesh BSP won the election and formed governments several times. Similarly, there are parties which are concerned with middle-level castes and the minority Muslims, For example, one can mention Samajwadi Party (SP) (in English Socialist Party) and Rashtriya Janata Dal (RJD) (in English Nationalist People's Party). These parties since nineties played important role in Indian politics when additionally reservation was granted to Other Backward Classes (OBCs). Several times SP and RJD came to power in the two Northern states Uttar Pradesh and Bihar respectively. For them also reservation politics remains one of their main focuses of their politics as their political base consists of OBCs, SCs and minorities (viz. Muslims). BJP, so to say, is the only political party which overtly plays religion card to win the electorate and their political ideology of nationalism is synonymous with *Hindutva* or Hinduism. They also held power at the centre once. At present, two most important parties at the national level are INC and BJP with INC stands for secularism and BJP for *Hindutva*. But the economic policies and practices remained the same whichever party remained in power. And no political party had so far the courage to defy the SC/ST reservation as the SC and ST populations constitute almost the majority of the electorates in India. BJP's rise in strength and rise to power have witnessed communal tensions and sometimes violent conflicts (known in India as communal riots) in many places since the nineties. The two largest riots in recent time are (1) the riot that broke out immediately after the demolition of Babri Masjid (Babri Mosque) at Ayodhya in Uttar Pradesh in 1992 and (2) the state-sponsored communal riot in the state of Gujarat by the BJP-led Narendra Modi Government in 2004 which took lives of many Muslims. Modi still continues to be the Chief Minister of the state. It must be noted here that the Constitution of India in its Preamble declared India as the secular democratic sovereign state. So, differentiation and discrimination on the basis of religion, caste and creed is ruled out from the very beginning. But still the religious divide and tension persists in Indian politics.

India is the second most populous country in the world, next only to China. At present the total population of India is more than 1.2 billion as per the recent Census of India in 2011. But note that the country is more densely populated than China so land-man ratio is less favourable in India compared to China. This huge population poses a challenge to the state's ability to provide everyone with jobs, health-care, education and other public services. Slowing down the rate of population growth has been a major issue for governments, over time. India being a democratic country the ever increasing population can only be checked by voluntary means, with the informed consent of the people. It is noteworthy that during the time of Emergency from 1975 to 1977 the Union Government led by Mrs. Indira Gandhi used forcible means for population checks which had its adverse effect in the immediate General Election when Mrs. Gandhi's Congress Party was routed from power and she herself along with her son Sanjay Gandhi got defeated. With the current population growth rate, India is expected to overtake China by 2025.

India is still an emerging economy economically. Immediately after Independence it adhered to the path of planning (inspired by the experience of the then Soviet Union) for rapid economic growth and development. The avowed objectives of Indian Five Year Plans were growth, modernisation, self-reliance and equity or social justice. So far eleven plans have been implemented. Currently 12th Plan is underway. In the heydays planning which is from 1951 to 1990, the major emphasis of planning remained state-led industrialisation through public sector. There is co-existence of private and public sector in the Indian economy. The period 1951-90 can be characterised as the period for national capitalists and the Indian state

working in tandem with the national capitalists' interests, which had its reflection on Indian polity as well as democracy. With this planning the modern industries grew rapidly under the protection from the state. Till 1977 the Congress Party remained at power. The first break in Congress rule came in 1977. But once again in 1980 the party regained power and remained in power till 1989. Once again in 1991 the Party came back to power to lose it in 1996 and then, once again it came back to power in 2004 and is still in power. BJP ruled India for a single five year term from 1999 to 2004. The economic growth was not high in the heydays of planning hovering around 3.5% per annum – which is termed as Hindu rate of growth by Professor Raj Krishna. The three big successes of planning in India were rapid industrialisation and urbanisation, growth of a large well-educated middle class population constituting the main buyers in the large domestic market, and self-sufficiency in food production through the adoption of Green Revolution technology since mid-sixties. However, there are perceptible failures of planning also. The most important ones include failure to eradicate poverty (as per the latest estimate of the Planning Commission still 30% of the total population is poor who earn less than \$ 1 a day), failure to provide employment to all those seeking jobs, and failure to contain rising income and asset inequality between the rich and poor. Also, there is large regional inequality in economic sense apart from the regional differences in terms of culture, language and politics. These regional inequalities sometimes feed the growth of regional politics at the state level and help the regional parties to dominate the state level politics.

The major break in economic policy stance came in 1991 when India was facing a huge external payments crisis which it could not solve on its own. It had to approach the IMF and the World Bank for rescue operation. And the help from these two multilateral financial agencies came with conditionality attached. The said conditionality meant the standard structural adjustment programme to be initiated to facilitate the instillation of neoliberalism, globalisation and later financialization in the economy. The first of these processes viz. neoliberalism means doing away with direct productive activities of state and state intervention in the market so as to facilitate the free functioning of the competitive market. This at the same time implies privatisation of public sector enterprises. The second process viz. globalisation means opening up the domestic economy to the rest of the world particularly in terms of unrestricted trade and foreign capital flows. The last of these processes viz. financialization actually refers to the installation of overarching influence of finance in every sphere of economic life as is evident in terms of growth in stock market-centrism in India since '90s. With these changes India entered into a very high growth trajectory. At present, when the entire world is reeling under sluggish growth and deep into recession China and India are the two countries which are growing very fast. That is why at this time of global crisis the West is looking towards these two economies to save the capitalism from its impending collapse. But this high growth is associated with rising poverty (both in absolute and relative sense), growing income inequality and joblessness. In fact, Indian growth is termed now as jobless growth².

Two interesting points merit attention at this stage. *Firstly*, since the nineties economic reforms viz. policies to effectuate neoliberalism, globalisation and financialization remained at the heart of political agenda at the General Elections. Parties in oppositions always took the

² Sunanda Sen and Byasdeb Dasgupta (2009), *Unfreedom and Waged Work – Labour in India's Manufacturing Industry*, Sage India; Delhi.

anti-reform stances at the time of going to the elections. But once in power they continued with the same policy stance irrespective of their political ideologies. Only exception is the ruling Congress Party which actually kicked off the economic reform process in 1991. The policies of neoliberalism, globalisation and financialisation are policies which are imposed upon people from above without their consent so to say while democratic way of electing representatives remained in tact. *Secondly*, now planning is playing a different role. The economic growth and development are now pursued through free competitive market. State has little role to play except facilitating the functioning of free market and sometimes giving concession to the foreign and domestic capitalists. Through planning the state now assumes the role of distribution viz. social justice. So for the last two decades another concept emerged in the Indian political economic scenario namely, inclusive growth. The basic idea is that the state would distribute the social surplus evenly to eradicate poverty, generate employment and to uplift socially as well as economically poor sections of the population, oppressed classes like SCs, STs and minorities, and women and children. This is another dimension of political agenda of different political parties when they face the electorates. In fact, there is now competition between the parties in terms of so called distributing the benefits of growth among the backward segments of the population as they as a whole majority of the electorates. These competitions between the parties are visible in their election manifestos but very few actually get translated into reality when they come to power.

Another economic problem that India has faced since the inception of planning and continuing now unabated even under the neoliberal globalised regime is the problem of displacement of farming people from their means of subsistence viz. land and dislocation of many people from their age-old professions or occupations. In the initial days of planning there was no resistance to it as everybody thought the benefits of growth and development would percolate or trickle down to everyone, which did not happen. The benefits of growth and development are mainly shared by the rich, urban and rural middle class. Through this displacement and dislocation there is growing marginalisation of already marginalised population in the society. Often these people are forced to migrate to other places in search of alternative livelihoods. Some could settle in new locations. Some could not. Those who could not join the ranks of labour in transit who move from places to places, from occupations to occupations, or who remain mobile while performing their livelihood indefinitely. Of late, there are resistances and protests mounting up by the affected population, civil society organisations and also, by some political parties. So, the state cannot afford to remain oblivious to this menace. It can be asserted here the displacement-dislocation-marginalisation is not the result of the democratic consent of the electorate; rather they remain the decisions of some non-electorates including the foreign multinational companies and multilateral agencies like the World Bank and the Asian Development Bank.

The election process in India is based upon the concept of representative democracy which was once thought to save the world from monarchy and autocracy. Even though the representative form of democracy has succeeded in driving the nation for the past 60 years, in practice it has yet to be implemented fully. Corruption is a big factor which now characterises Indian democratic polity. Some of the elected representatives enjoy all their privileges without being accountable for their duties. There is rampant peddling, nepotism, cronyism and wilful negligence. Most of the time the corrupt politicians and bureaucrats walk away scot-free, have no qualms about wrongdoing and get elected yet again. This bears testimony to their denigration of the democracy in India.

Another major issue with which Indian democracy is fighting at the moment is dynastic rule. Of the 66 years of post-independence rule, almost 60% of the time in office was held directly by Prime Ministers from the Nehru-Gandhi family and currently, some 12%, again by another member from the same family, where the power to rule vests in this family by proxy. At the level of the states too this is the case. Leading politicians are most of the time initiating their sons, daughters and other progeny, as heirs apparent.

At present the democracy in India is facing the following challenges without whose resolutions a transparent democratic cannot be thought of:

- (1) Corruption at the level of economy and polity
- (2) Rising poverty and unemployment due to neoliberalism, globalisation and financialization despite the inclusive growth agenda of the state
- (3) Dynastic rules both at the centre and at the state levels
- (4) Division of the society on religious lines by the politicians
- (5) Displacement of poor farming people from their land which used to be their means of subsistence and also, dislocation of many from their age-old professions and occupations.

Representative Democracy narrowly defined signifies only the free suffrage right of the citizens, nothing beyond that. However, the ideal democracy (be it direct or representative) should involve omnipresence of people's sovereign and autonomous choice in every sphere of economic and political. The concrete reality of democracy as far as India is concerned suggests otherwise. People actually can exercise a limited right and that is the right to cast their vote in the hustings, nothing more than that. They hardly have any say or choice in making any decision – political and/or economic. These decisions are made by the political parties, by the government and the bureaucrats and now, by the multilateral agencies like the IMF and the World Bank. A significant portion of decisions in a democratic state like India is made by those who are not elected by the people. These decisions may have the sanctions of those elected representatives and in that sense, one may argue that indirectly ultimately the decisions are taken by the people themselves. But the question is can people take any decision which hurt their interests? One may in this context also argue that if people do not have full information and if they are not knowledgeable then they can take decisions which may go against their interest. In reality, what we observe is that decisions do not pertain to people's choice, or are not reflections of people's self-interests in their own well-being as in the Indian context we find that neoliberalism, globalisation and financialization have benefitted only few in the society at the cost of the majority and the people at large is bearing the social cost of the rampant corruption – not the corrupt politicians and bureaucrats or their coteries.

As we can see in the context of today's India, although democratic polity remained unperturbed for a single moment since Independence, the ethical core values of democracy is ruptured by several politico-economic-cultural forces which are at play simultaneously affecting each other in mutually constitutive ways in the Althusserian philosophical sense of overdetermination. The conflict is very much present between the contesting subjects in the society and does have implications for democracy. The concrete reality of Indian democracy

suggests some vicious anti-people stances which are often the result of the individuals who do not occupy any democratic seat of representation.

On the contrary, democracy is what democracy should not try to do. Democracy sans any transparency and accountability is bound to produce outcomes which may benefit a tiny segment of population very close to power and with full of money power. There are plethora of instances from the context of modern democratic states all over the world, particularly those from the developing South, where democracy or democratic polity has tried to foreclose the different moments of conflicts and violence in the social order. The forces which we have hinted in the Indian present context include the forces of neoliberalism, globalisation, global capitalism, financialization, and above all, new imperialism. The conflictual reality of the society is essentially produced by these forces today – each of which generates within its scope conflict and violence among the different subjects qua classes. And these conflicts are often foreclosed as decisions in these regards are most often taken democratically using democratic principles and norms.

In our rendition, society is an overdetermined space of political, economic, cultural and natural sites – each one of which is no less and no more important than others. This marks a departure from the orthodox Marxist understanding of society which perceives economic as the essence of the entire society and all its institutions and agencies. Rather, social is a complex configuration of multifaceted sites and hence, any understanding of conflicts and resultant violence based solely upon economic is bound to generate fractured reality, if not wrong.

The forces of neoliberalism, globalisation, global capitalism, financialization and new imperialism have their dents on today's conflicts and violence in the society. This is not to claim that the pre-neoliberal society in India was bereft of any conflict and violence. But what is different today's India is a free-market-centric vision of society. The previous order used to be much more focused on state and statist regulations and controls of free market. The essential feature of neoliberal doctrine is market-centrism. It seeks to establish the logic of market in every sphere of life – political, economic, cultural and natural. It does not imply, thereby, withering away of democratic Indian state. Rather, it wants intensification (at least in its look) of democratic state so as to facilitate never ending expansion of free market world over. Neoliberal Indian democratic state considers anything non-market as its anathema since non-market limits the scope of market, non-market may threaten one day the market. Hence, neoliberal rendition of an economy is essentially a money-using market economy. It never foregrounds non-market. Rather, it forecloses it as if it does not exist. This may be termed as Eurocentric vision of economy and society as spaces of non-market are to be found in South (both pre-colonial and post-colonial) and not to be in West. These spaces are disaggregated and decentred whereas the notion of market as propagated by neoliberalism has an inherent tendency of centralism because it is through this centralised power its hegemonic presence over human life is established. At the core of this centralised power of market there may be conflicting tension such as the contest between the large multinational corporations.

Is neoliberal Indian market really free? Is it really competitive? The answer is 'yes' and 'no' at the same time. It is 'yes' because it is a free playing ground for today's large corporate houses – national as well as multinationals. The competition that we learn about is the competition between these corporate entities. It is 'no' because the market has no free place for small players. The big eats away the small – survival for the fittest! So, the tension between big and small generates a conflict and big is violent towards small. This is the neoliberal Indian reality of market which democratic state forecloses in the name of liberal competition in the market.

Neoliberal market seeks its expansion as large needs large market and this is ensured by the process of globalisation which is essentially a process of integration of the national/domestic with international/global – be it economic, political, cultural and natural. With this local gets entrenched with global. Once again anything non-global is not desirable in today's India and this desire is not necessarily a democratic choice rendered by the majority of the Indian people. The globality gets transcended in human body and mind. So, any mind and body, which is non-global is rendered inferior, less superior to global. The process tries to foreclose the space of non-global; standardizing what is Western as superior to non-global. This does not mean local altogether withers away. It remains. And the conflict arises there. We can witness such conflicts today between global and non-global in the violence in the different parts of India associated with land acquisition in the name of economic development, setting up of Special Economic Zones (SEZs), industrialisation and urbanisation. And modern Indian democratic state takes the side of global as is the prerequisite of the neoliberal order.

The so-called free and competitive market is there for furthering the cause of capitalism – global capitalism which functions through the various global circuits of capital – the circuits which link global with local for super duper accumulation of capital and hence, economic exploitation. In our rendition, we mark a departure from both mainstream economic orthodoxy as well as orthodox Marxist approach to define a capitalist production process. If essentialism or determinism has engulfed orthodox Marxist approach, which envisages society in terms of the economy as the base and class in terms of ownership of means of production, the same is the case with mainstream neoliberal economic vision. The latter is perhaps older than the traditional Marxist theorization. It dates back to the days of Adam Smith as free market *a la* Smith is seen as mechanism for harmony in the economy – the *invisible hand* which would balance economic exchange and hence, social relationship. The reality of capitalism is not an essentialist one; and nor it is a binary world of capital versus non-capital; nor it is a linear depiction of transition and development. Following Althusser we can claim the reality is non-essentialist. It is overdeterministic. Then to define what is capitalism we need to set our objects and processes in overdetermined logic. To do that we first make a departure from the given definition of class which is either in terms of ownership of means of production or ownership of property or in terms of holding of power etc. Following Marx our entry point of analysis is surplus labour. Class is a process of performance, appropriation, distribution and receipt of surplus labour. Capitalism is then characterised by that class process in which surplus labour is appropriated by non-performing

capitalist producer and this surplus is then converted into surplus value through commodity exchanges in the market. So, it is exploitative as the surplus is appropriated by the non-performers of surplus. It requires money-using market for conversion of surplus into surplus value. And global capitalism requires global market and global circuits of capital accumulation. Note *two* things here. *First*, an economy is characterised by coexistence of various disaggregated and decentred class processes. Class is an economic process. But there are several non-class economic as well as non-economic processes which we refer to as non-class processes. For example, gender process is a non-class process. The class and non-class processes continually mutually constitute each other. There are conflicts and tensions between various class processes and also, between class and non-class processes especially in the context of hegemonic global capital's attempt to hold sway over both capitalist and non-capitalist, both global and local, both developed and undeveloped. The modern democratic state takes the side of capital as whatever is capitalo-centric is perceived superior just like Western over non-Western, Eurocentric over non-Eurocentric. The Government of India while incepting the economic liberalisation and globalisation programme in the country, known as New Economic Policy, brought out a white paper on the rationale and objectives of such policy. It asks the question whether anybody does not want India to become like West.

The capitalism in globalised India and hence, market therein tries to evaluate themselves viz. their own performance in terms of efficiency and efficiency is essentially a concept centred around the ability to reap more and more profit. For that there is need for more and more surplus to be appropriated and hence, more and more capital accumulation to take place. This is ensured by (a) today's labour displacing technological advancement and (b) flexible labour rules of easy hire and fire rendering labour cheaper and cheaper. Hence, the conflict between capital and labour in India is more accentuated in this global capitalism supported by neoliberal globalised social (dis)order.

As far as India is concerned, the process of accumulation is further expanded by another global process viz. the process of financialization. It stands for overarching presence of the interest of finance in every sphere of human life – economic as well as non-economic. It helps to generate quick and huge speculative profit, the magnitude which hitherto remained unthinkable through the day-by-day use of newer kinds of financial instruments. Today's supremacy of the Indian stock markets, large financial institutions like mega-banks, insurance companies, hedge funds, pension funds etc. over the real sector and even over the political decision making process of the country is a testimony to this aspect, which is a very much post-Breton-Woods phenomenon in the West. These financial institutions are perceived as too-big-to-fail, which the global financial crisis has proved otherwise of late. There is through this process of financialization conflict arises between the interests of real and financial, and the modern democratic state sides with the latter since financial today colludes with the real politic. India is no exception in this regard given the fact the stock markets have of late become great signifier of the economic prosperity of the country as a whole. In reality, there is hardly any link between the prospects in stock markets and the real economy in India. Many economic policy decisions after 1991 are guided by the ups and downs in the stock

markets in India and also, by the consideration of giving more and more concessions to the global speculative capital.

Finally, we come to the question of control, the question of hegemonic since without that the vast empire of global capital cannot be held together. Gone are the days of physical control of land – the days of colonialism – best be termed as old imperialism. New imperialism means certain given imperatives on nation-states to legitimize neoliberalism, globalization, global capitalism and financialization. This is essentially effectuated through the dictates of the multilateral agencies like the IMF, the World Bank, and the WTO and like. These agencies represent the voice of the leaders of this global world. But where required physical force is applied too in the name of revoking democracy as has happened in Iraq and Libya. As we have already mentioned that India adhered to the path of neoliberal globalisation at the dictate of the IMF and the World Bank. The decision to follow the path of liberalisation, privatisation and globalisation was not a democratic decision as in Indian democracy no such space is there to take the people's referendum on issues like this. Hence, it remained a decision imposed upon the people from top and for which the Indian people at large is paying large price.

The ultimate burden of adjustment is borne by the commonplace – the labour – the performers of surplus labour. She is displaced from her land, dispossessed of her belongingness, dislocated from her occupation and work, and removed from her own environment. The Indian democratic state has a solution for her, which is envisaged in terms of the inclusive growth agenda of the state being supported by the IMF, the World Bank and the like. Inclusive growth agenda as unleashed during the Eleventh Plan period (2007-12) by the Government of India is a mainstreaming project to bring those who are left out of the market into the domination of market. The objective is to set her functioning alright in terms of market so that she attains the necessary capability *a la* Amartya Sen to operate herself in the market. This actually serves the interests of neoliberal global market. But the ultimate decision making power lies with the technocrats, bureaucrats, politicians and those who are full with money and political power. The conflict between performers of surplus and non-performers, between powerful and powerless, between have and have-nots is growing in India which neoliberal state seeks to foreclose through its democratic façade.

Is then democracy a bad subject for the common? The answer is a definitive “No”. We should remember in mind that despite the challenges that Indian democracy faces now the people of India remained quite capable of holding to it for last six decades since Independence without a single event of cracking down in it. This is more significant given the fact that two of her neighbours Pakistan and Bangladesh failed to do so as they quite often moved from democracy to military autocracy and back. But to make India more democratic in real sense there is urgent need to instil the ethical values – the ethical which is built upon democratic rights of people and their proper enforcement, the ethical which is shaped in terms of non-exploitation and non-oppression at the micro as well as macro level. One possible alternative which may garner democracy with more and more democratic reality may be the collective and democratic functioning of economy at the level of production

which means sharing (if not equal sharing), which would accommodate both market and non-market, and above all which will be non-violent. And it is a never-ending process at least in Indian political-economic context. For this to happen, electoral and non-electoral politics, civil society movements and people's resistances have to play a major positive role in years to come.