

A Distinctive Indian Political Economy: New Concepts and a Synthesizing Framework

Studies in Indian Politics
4(2) 266–273
© 2016 Lokniti, Centre for the
Study of Developing Societies
SAGE Publications
sagepub.in/home.nav
DOI: 10.1177/2321023016665554
<http://inp.sagepub.com>



Aseema Sinha¹

Abstract

This article discusses Rudolphs' contribution to the study of India's political economy. Taking off from the ideas they presented in their work, *In Pursuit of Lakshmi*, the article argues that certain concepts, such as Bullock capitalists, demand-led growth, involuted pluralism, federal market economy and state as a third actor, continue to be critical in understanding India. Through these conceptual innovations, Rudolph and Rudolph not only analyzed India at a given moment but also shaped the larger agenda of debates over India's political economy.

Keywords

Political economy, Indian state, Rudolphs, *In Pursuit of Lakshmi*, bullock capitalists, command economy

If one had to characterize Rudolph and Rudolph's intellectual lineage, it would be as political sociologists. They use both 'class concepts and state concepts' (1987, p. 396) and deploy many sociological categories especially from the Weberian tradition. Their debts to Max Weber are both methodological and substantive. Like Max Weber, they prioritized historical knowledge and linked political and social facts. They challenged modernization theory in their work on caste and democracy. Despite following in the wake of a sociological tradition, their book *In Pursuit of Lakshmi* (1987) is considered to be one of their foundational contributions to Indian political economy. But, they were not commonplace political economists. Their book *In Pursuit of Lakshmi* spends some time outlining 'state-formation,' elaborating a Weberian analysis of the Indian state. It acknowledges its debt to Marx and class concepts but does so in a manner that recognizes the value of hybrid social categories, such as 'bullock capitalists.' They saw 'political economy' not only as a mere articulation of economic interests but also how politics, policy and state-ness could transform social groups and interests into powerful cleavages and 'demand groups.' States could also render some economic cleavages less politically active. One reason it is difficult to pigeonhole the Rudolphs is that many of the elements of their large body of work (caste, Gandhi and

¹ Wagener Chair in South Asian Politics and George R. Roberts Fellow and Associate Professor, Department of Government, Claremont McKenna College, Claremont, CA, USA.

Corresponding author:

Aseema Sinha, Wagener Chair in South Asian Politics and George R. Roberts Fellow and Associate Professor, Department of Government, Claremont McKenna College, Claremont, CA 91766, USA.
E-mail: aseema.sinha@cmc.edu

political economy) seeped and intersected into each other. For example, they saw caste not only as a sociological artefact but also as a political association and an economic category. In their analysis of demand groups in their book *In Pursuit of Lakshmi*, they traced the sources of demand groups' tactics to a Gandhian political culture of protest, which was both indigenous and modern.²

It is also clear that Rudolphs resisted what they called "imperialism of categories" and analyzed India on its own terms (Rudolph 2005). This is apparent in all their writings. *In Pursuit of Lakshmi*, they note: '... Indian social revolution will take a form different from the European and Asian models Moore surveyed. Social revolution from below may work itself out in incremental fashion' (1987, p. 74). Their main work on political economy reflected on how social science should view their work:

The name [*In Pursuit of Lakshmi*, the Indian goddess of wealth] serves as a bridge, a way of translating our concerns as western social scientists into a salient indigenous category. Invoking Lakshmi is an effort in translation, an effort to relate terms from otherwise alien systems of meaning (e.g., West and East, United States and India, social science and humanities) in ways that make them mutually intelligible and add value to both sides. Put another way, it is an effort to create through the metaphor of Lakshmi a commensurable yet liminal language, a term that in context lies 'in between' alien language communities but that speaks to both. (1987, p. 393)

Together with Pranab Bardhan (1998 [1984]), Francine Frankel (1979), Atul Kohli (1987, 1990) and Ron Herring (1983), Rudolphs' book, *In Pursuit of Lakshmi*, marked the emergence of a distinctive Indian political economy. This Indian political economy of the 1980s sought to understand the hybrid or intermediate character of the Indian state, represented by the clumsy metaphor of a 'weak-strong state and Rich-Poor Economy' (1987, p. 1). Each of these authors started with class-based analysis but ended with hybrid theoretical models. The Rudolphs married a class-based analysis to Weber, Bardhan married a class analysis to public choice theories of the state, while Kohli experimented with policy-centred and institutional analysis combined with a focus on social basis of parties and Ron Herring used an eclectic but productive mix of John Rawls and agrarian, class, and political analysis in one stroke.

On its own, their major book, *In Pursuit of Lakshmi*, represents a comprehensive theoretical framework for understanding the structure of post-independence India's political economy. It offers not only a magisterial theory, but also new concepts, fresh interpretations, provocative frameworks and intriguing puzzles that help us make sense of India's complex and emerging political economy after independence. In this essay, I discuss their contribution to Indian political economy by highlighting some of the new concepts and ideas they created in their major book on political economy and other articles. Some of the concepts worth discussing are: bullock capitalists, demand-led growth, involuted pluralism, federal market economy and state as a third actor. All in all, these innovative concepts and ideas led them to create 'a theory of modernization that stresses the importance of adaptive rather than systemic change' (Frankel, 1969, p. 450) and how modern social forms, such as students, classes and castes, mix traditional elements with modern features and goals. Rudolphs' corpus of work highlights a point stressed by Barrington Moore in 1966: India lives in different centuries at the same time. This hybrid picture, for them, presents a productive and fertile site to engage with Western-experience-derived theories and concepts while creating new concepts and theories. As they note: 'Translations of class and state concepts for use in India required mutual adjustments, reformulations that gave them meaning across the divides of historical experience, social circumstance and cultural frameworks' (1987, p. 396). A brief note on

² It is worth noting that a recent assessment of their contribution focuses on their work on caste and Gandhi (Varshney, 2016).

their sources used in their book *In Pursuit of Lakshmi*. Their footnotes were massive: 89 pages of footnotes with many footnotes citing numerous sources. They were careful and meticulous in their reading style but also careful to document all their reading material.

Political Economy of the Nehruvian State: The Indian State and Centrism

Rudolphs make India's centrism to be the singular characteristic of Indian politics and political economy. They define centrism in terms of three elements: (i) the rule of the Congress party that ruled a subcontinental polity, and absence of a party based on polarizing religion, (ii) the ideological triumvirate of secularism, democracy and mixed economy and (iii) a pluralist basis of support across many diverse interests, classes, status groups, regions and communities (1987, p. 19), but the absence of class politics.

The marginality of class politics is important for this centrism and makes class mobilization much more difficult. They explain the lack of anti-capitalist class mobilization by the fact that workers are not a unified force but divided into formal and informal workers. The formation of a broader class alliance of agricultural and industrial workers and poor and middle peasants is also unlikely. As for private capital, the Rudolphs posit that Indian capital is in a dependent relationship with the state and therefore lacks a 'public political voice' (1987, p. 25). Private capital needs the state for protection, finance and for taking over 'sick' industries. For the Rudolphs, the absence of class rule of the rich lies in the policy, political and ideological dominance of the third actor, the state, which 'overdshadow theirs in the conduct of policy, politics and market relationships' (1987, p. 23).

Most scholars of Indian political economy have grappled with the simultaneous power and ineffectiveness of the Indian state. This is the basic insight of *In Pursuit of Lakshmi*, pursued with great sensitivity. The Rudolphs note: 'We introduce the notion of the state as a powerful 'third actor': that diminishes the significance of capital and labor, the two classic protagonists of class politics' (1987, p. 13). The Rudolphs describe how the state has become the nucleus of lobbying by diverse groups, 'turning most groups into clients of the state' (Lieven, 1988). What is the source of this centrism of the state or India's 'state-ness'? In an interesting use of class analysis even when 'class politics is marginal,' the Rudolphs argue that

the state's dominance is related to its material condition, to its overwhelming control of investment and employment in the organized sector, and to its ideological advantage, as the presumptive defender of the collective interest and socialist purpose and as the enemy of private and partial gains. (1987, p. 13)

Rudolphs reflect on their debt to Marxian class analysis:

Our use of class as a concept to explain the marginality of class politics in relation to Indian centrism and the role of the state as third actor arises from the Marxist claim that modes and relations of production ultimately determine the course of history and the collective action that animates it... The marginality of class politics has been affected too by the historical timing of democracy and industrialization and the sectoral composition of the Indian economy at the beginning of universal franchise. (1987, p. 397)

This centrism of the state makes other groups subordinate but not powerless. The involuted pluralism of India lies in the fact that diverse groups coexist and they all seek concessions from the state. This idea was also key to Pranab Bardhan's book (1998 [1984]).

Is Rudolphs' analysis of centrism, which rests on the one-party dominant system and the role of the Congress party, negated by the 2014 elections and the 2016 assembly elections?³ The resounding defeat of the Congress party and its seeming irrelevance—44 seats out of 543 seats—and the victory of Narendra Modi would seem to suggest that Hindu nationalism has become a national party. In 2016, Congress lost further ground across many Indian states; now ruling only 7 of 28 states. Yet, it is arguable that BJP has begun to occupy the centre of Indian politics the same way Congress occupied it and BJP has moved towards the centre (Nayar, 2000). Many observers agree with the claim that the BJP has become the 'center pivot of national politics and has become a pan-Indian party.'⁴ As BJP seeks to be a national party akin the Congress party, it adopts many of the strategies adopted by the Congress party—seeking to be a centrist party in economic terms and embracing the new welfare state. As an example, BJP's government has continued many of Manmohan Singh's policies, such as National Rural Employment Guarantee Act (NREGA) and economic liberalization. As an illustration, Modi has recently expressed support for a mixed economy model where the public sector is valued for its many strengths.⁵ Some scholars might disagree with the idea that the BJP is a centrist party, noting that the rise of Hindu nationalism reflected in beef politics, love jihad and the arrest of JNU students are all examples of greater polarization and conflict. Whichever side of the debate one adopts, there is no doubt that Rudolphs' idea of India's persistent centrism is a powerful idea that deserves further scrutiny and debate in the new era post-2014 elections.

The Rudolphs were also criticized for over-privileging the role of the state and ignoring the 'retreat of the state' in the 1980s and the growing dominance of private enterprises and communal forces (Basu, 1990). The Rudolphs responded to these critiques by theorizing how the state may have retreated from 'dominance' to 'regulation' in 'The Iconization of the Federal Market Economy' (Rudolph & Susanne, 2001). They argued that the new federal market economy is marked by a regulatory central state that shares power and authority with states, which focus on economic growth in their respective regions. If public investment was central to their claims of a command polity in the 1970s and 1980s, they try to grapple with the rise of private investment as the 'engine of economic growth' (2001, p. 1541). Although it is not clear what this transformation means for their idea of India's centrism and the role of the state as a third actor, they suggest that competition among states may have become the new axiom in India's political economy. They attribute these developments to the 1991 reforms. Here, I offer a slight disagreement from their arguments. What is distinct about the post-1991 era of interstate competition is not the presence or absence of competition but the onset of a new kind of competition, which is horizontal and more persistent (Sinha, 2004). Understanding this new era in Indian political economy would require new concepts and tools of analysis that might mean going beyond the idea that the Indian economy is centrist and shaped unilaterally by a national-central state.

Rudolphs in this article created a new concept, 'federal market economy,' to refer to what they called the 'new imagined economy' (2001, p. 1542). This was again a hybrid concept and innovative. They noted that economic liberalization of 1991 and the removal of many licensing restrictions provided a window of opportunity for states to emerge as entrepreneurs. This movement from a command to a

³ In 2016, BJP is ruling around 13 states, ruling almost half of India. It won Assam for the first time, moving into the northeast.

⁴ Piyush Goyal, Power Minister on 19 May 2016 on Ndtv.com

⁵ Modi said in response to a question from the editor of the *Wall Street Journal*: 'Actually, in any developing country in the world, both the public sector and the private sector have a very important role to play. You can't suddenly get rid of the public sector, nor should you. But if you look at the last two years of my government, and if you look at the entire post-independence phase of the country, you will find that in terms of money volumes the maximum disinvestment has taken place in the last two years' (see <http://blogs.wsj.com/indiarealtime/2016/05/26/read-an-edited-transcript-of-the-wall-street-journals-interview-with-indian-prime-minister-narendra-modi/>).

federal market economy was also due to changes in the party system and changes in economic ideology and practice. Thus, all of the pillars of the command polity—party, central state and public investment—were being transformed. Their 2001 article followed in the heels of a powerful account of federalization found in Rob Jenkins (1999), and began to resonate with many other accounts, such as Lawrence Saez's (2002) and Aseema Sinha's books (2005), which further developed these ideas.⁶ This emergent body of work represented a new regional turn in political economy arguing that we cannot understand India without examining developments in the states. It led to a second generation of research on states and subnational studies; this time on economic policy and political economy.⁷

What is intriguing is that despite the centrism of the Indian state in this analysis, there is very little direct evidence about the Indian state. State-ness is an abstract idea for them and the sinews of bureaucratic power or how public institutions work were less important for their analysis. How does the state actually work? We are provided with fewer details on the institutional life of the state and its varied political institutions. In that sense, they are quite non-Weberian and owe more to Marx and the class tradition. Later in their intellectual journey, Lloyd Rudolph seemed to recognize the need to focus on the institutional character of the state and edited an interesting volume with a co-editor, John Kurt Jacobsen, on the Indian state. In 'Experiencing the State,' an interesting and offbeat collection of essays on how the state works in everyday life and how it is imagined by its protagonists, one finds Lloyd Rudolph beginning to explore many new perspectives of the Indian state (Rudolph & Jacobsen, 2006). The introduction written by Lloyd Rudolph and John Jacobsen tries to unite ideas of the state as 'an imagined community' (Anderson, 1983) with Polanyi (1945), James Scott (1999) and even Foucault (1995 [1975]). Many of its chapters yield fascinating analysis of how the state and its projects work on the ground.

New Concepts: Demand Groups, State-dominated Pluralism and Involved Pluralism

Part 4 of *In Pursuit of Lakshmi* reflects on a comparative issue: How do we place India compared to advanced industrial democracies and other countries in Latin America and Asia? Rudolphs designated India as oscillating between state-dominated pluralism and involuted pluralism. India was, thus, distinct from both Anglo-Saxon liberal pluralism and corporatism of Europe. They note:

What distinguishes India from Anglo American Pluralism is the emergence of the demand group as a representational form especially responsive to the unorganized sector, the extraordinary multiplication and fragmentation of pluralist associations that we call involution, and the role of state sector, which crowds organized interests to the margin of the political and policy arenas and fragments their potential countervailing power. (1987, p. 252)

Chapters (9–12) articulated many interesting conceptual innovations. Chapters 9–10 are especially new and interesting examples of comparative political economy analysis. Their discussion of demand group was quite innovative and has been less commented on by commentators. The concept of a demand group was like an interest group but also different. It helps us make sense of the agitational

⁶ Lawrence Saez was their student at the University of Chicago.

⁷ The first generation of research on subnational studies focused on politics and yielded many productive analyses of how politics, class and mobilization operated across India (Frankel & Rao, 1990; Narain, 1967; Kohli, 1987; Weiner, 1968; Wood, 1984).

character of Indian politics, where new groups, movement-like interest groups, erupt, form and move in a fluid manner between groups, protests and organizations. Demand groups were the expression of 'movement and issue politics' (1987, p. 252) and informal pressures rather than formal organizations.

Demand groups, by contrast, do not work primarily in institutional defined policy arenas. They rely less on expertise and lobbying skill than on symbolic and agitational politics. The tactics and style of demand groups have become a highly elaborated political art form that speaks to India's indigenous political culture, mobilizes support, influences public opinion, and gains bargaining advantage. Its ad hoc and spontaneous tactics include public dramas such as *padyatras* (political pilgrimages), *Hartals* (shutdowns), *Rasta Rokos* (road blocks) and *Gheraos* (lock-ins). (1987, p. 253)

The Rudolphs struggled to characterize India's industrial relations regime, and out of this struggle emerged a hybrid category of 'involved pluralism.' According to them, Indian trade unions are like the plural interests of Anglo-American interest groups based on private and voluntary agreements. They note:

The industrial relations regime within which Indian unions and national federations and firms operate inhibits both competitive pluralism and oligopolistic competition among organized producer interests. Instead state strategies have created an involved pluralism in which the state, by dominating the arena of industrial conflict, controls many weak and divided organizations rather than a new cohesive ones. (1987, pp. 268–269)

Fragmentation and repetition means that labour unions are powerful and yet ineffective.

Bullock Capitalists and Agrarian Interests

Rudolphs note that agrarian classes are also fragmented into agricultural labourers, small holders, bullock capitalists and large landowners. Yet, bullock cultivators were more numerous and controlled more land than other categories (1987, p. 341). Bullock capitalists are essentially middle peasants: self-cultivators with 2.5–14.9 acres of land who are independent and prosperous. They note: 'Their holdings are large enough to support a pair of bullocks and use of the new inputs associated with the green revolution' (1987, p. 340). They could even become a hegemonic agrarian class (1987, p. 342). Rudolphs were one of the few to attribute significance to their rise and how their economic demands (lower costs for inputs and higher prices for agricultural commodities) led to India's self-sufficiency in food and also a transformation of the rural areas. Many commentators recognized this to be an important social category of their political economy analysis. This intermediate category while not homogenous uses technology and credit institutions to enhance their productivity and wealth.

How Policy Creates Mobilization and Politics

Rudolphs' writings are very rich and an intriguing implication of their work on political economy is the idea that groups and classes are borne not a priori but take shape through political struggles. Even more so, 'policies could produce politics' (Lowi, 1964; Pierson, 1993). In their work on caste and democracy, they elaborated the idea that political procedures and democratic processes mobilize caste identity in a different way imbibing a traditional organization with modern-democracy-related meaning and force.

The constitutional structure of caste mobilized a traditional association into its modern forms. They also articulated the idea that caste association could be a pathway for lower-caste mobilization. The rise of the Bahujan Samaj Party in the 1990s was a confirmation of this important dynamic. But, the same idea—how policies create interests and mobilization around them—is relevant for their discussion of labour, students and even agrarian interests. It is the structure of federalism and the structure of Indian parties that led to the specific form of collective action found across diverse groups within India. Students and bullock capitalists were not borne as a class or political group but became so in the crucible of policy, institutional and political struggles. This underlying theme of the Rudolphs' political economy challenges the rational choice idea that preferences are static and can be read off any material preference ordering. They note: 'In the rational choice canon, what determines preferences and how individuals order them remains relatively unproblematic. What Amartya Sen refers to as second-order preferences are unattended or ignored. So are strategic considerations (e.g., exit, voice, or loyalty), and learning' (1987, p. 396).

Conclusion

Even as we reflect on the Rudolphs' singular contribution to political economy, we must note that they are children of their times, responding to prevailing approaches of the time: class analysis, Weber, pluralism and modernization theory. Yet, they also went beyond, in practicing 'situated knowledge'⁸ about India, in a way that created new concepts, new synthetic frameworks and new ideas. Their contributions to the study of Indian politics and political economy were seminal and will continue to shape future scholars for a long time.

References

- Anderson, B. (1983). *Imagined communities: Reflections on the origin and spread of nationalism*. London: Verso.
- Bardhan, P. (1998 [1984]). *The political economy of development in India* (Expanded Edition). New Delhi: Oxford University Press.
- Basu, A. (1990). State autonomy and agrarian transformation. *Comparative Politics*, 22(4), 483–500.
- Foucault, M. (1995 [1975]). *Discipline and punish: The birth of the prison* (2nd ed.). New York: Vintage Books.
- Frankel, F. (1969). Democracy and political development: Perspectives from the Indian experience. *World Politics*, 21(3), 448–468.
- . (1979). *India's political economy, 1947–1977: The gradual revolution*. Princeton, NJ: Princeton University Press.
- Frankel, F., & Rao, M.S.A. (Eds). (1990). *Dominance and state power in Modern India: Decline of a social order* (Vols. 1–2). Oxford: Oxford University Press.
- Herring, R. (1983). *Land to the tiller: The political economy of agrarian reform in South Asia*. New Haven: Yale University Press.
- Jenkins, R. (1999). *Democratic politics and economic reform in India*. New York: Cambridge University Press.
- Kohli, A. (1987). *The state and poverty in India: The politics of reform*. Cambridge: Cambridge University Press.
- . (1990). *Democracy and discontent: India's growing crisis of governability*. Cambridge: Cambridge University Press.
- Lieven, A. (1988). Review. *International Affairs*, 64(4), 729–731.
- Lowi, T. (1964). American business, public policy, case studies and political theory. *World Politics*, 16(4), 677–715.

⁸ This is how Susanne Rudolph defined situated knowledge: 'when scholars study particular problems in particular areas and work their way up towards generalization, rather than comparison that drops a deductive scheme from above down on the evidence' (Rudolph, 1987).

- Narain, I. (Ed.). (1967). *State politics in India*. New Delhi: Meenakshi Prakashan.
- Nayar, Baldev. (2000). The limits of economic nationalism in India: Economic reforms under the BJP-Led government, 1998–1999. *Asian Survey*, 40(5), 792–815.
- Polanyi, K. (1945). *The great transformation: The political and economic origins of our time*. Boston: Beacon Press.
- Pierson, P. (1993). When effect becomes cause: Policy feedback and political change. *World Politics*, 45(4), 595–628.
- Rudolph, S. (1987). Presidential address: State formation in Asia: Prolegomenon to a comparative study. *The Journal of Asian Studies*, 46(4), 731–746.
- . (2005). Presidential address: The imperialism of categories: Situating knowledge in a globalizing world. *Perspectives on Politics*, 3(1), 5–14.
- Rudolph, Lloyd I., & Rudolph, Susanne. (2001). Iconization of Chandrababu: Sharing sovereignty in India's federal market economy. *Economic and Political Weekly*, 36(18), 1541–1552.
- . (1987). *In pursuit of Lakshmi: The political economy of the Indian state*. Chicago: University of Chicago Press.
- Rudolph, L., & Jacobsen, John Kurt (Eds.). (2006). *Experiencing the state*. New Delhi: Oxford University Press.
- Saez, L. (2002). *Federalism without a center*. New Delhi: SAGE Publications.
- Scott, J. (1999). *Seeing like a state: How certain schemes to improve the human condition have failed*. New Haven: Yale University Press.
- Sinha, A. (2004). The changing political economy of federalism in India: A historical institutionalist approach. *India Review*, 3(1), 25–63.
- . (2005). *Regional roots of developmental politics in India: A divided leviathan*. Indianapolis: Indiana University Press.
- Weiner, M. (Ed.). (1968). *State politics in India*. Princeton, NJ: Princeton University Press.
- Wood, J. (Ed.). (1984). *State politics in contemporary India: Crisis or continuity?* Boulder: Westview Press.
- Varshney, A. (2016). Lloyd and Susanne Rudolph. *Economic and Political Weekly*, 51(11/12), 23–27.