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## UNIT 6 STATE, MARKET AND SOCIAL MOVEMENTS

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### Structure

- 6.1 Introduction
- 6.2 Changing Status of the Indian State
  - 6.2.1 State in the Post-Independence Period
  - 6.2.2 Discourse on the Indian State
- 6.3 Changing Status of the Market
- 6.4 State and Market in the New Context
- 6.5 Contextualising State, Market and Social Movements
- 6.6 Summary
- 6.7 Exercises

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### 6.1 INTRODUCTION

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You will study in different units of this course, collective actions or the social movements of various groups — agrarian classes, working class, women, dalits, OBCs, environmental and ecological groups, etc., have become more prominent in India, especially since the last three decades of the twentieth century, though such movements had occurred earlier also. With changes in the society and economy of India the number of social groups taking recourse to collective action increases. Their emergence has coincided with the latest phase of the globalisation, changing statuses of the state and market. These developments have given rise to debate in the academic and political discourse about the relationships between state, market and social movements. These also have generated a debate about the changes in the nature and roles of the state and market. The debate raises some questions. Has the nature of social movements changed or is changing with the expansion of market? What kinds of new social movements are emerging? Has the state become weak and withdrawn from its responsibility for social transformation? Do the market forces dominate and govern the state? Are social classes getting fragmented and loose in their capacity to organise and dominate? Has class base of the social movements declined with the rise of market? etc. This unit seeks to explain relationship among the state, market and social movements.

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### 6.2 CHANGING STATUS OF THE INDIAN STATE

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#### 6.2.1 State in the Post-Independence Period

The trajectory of state in India during post-Independence period can be divided in two phases for the purpose of understanding its relationship to the market and social movements. These are — pre-1990s and post-1990; the phase preceding the present form of liberalisation and the phase coinciding with it. Such demarcation is helpful in comprehending the relationship among them especially because the issue about the relative weakness, strength, relevance or irrelevance of state and market has become more spectacular with the herald of the new phase of liberalisation, i.e., since the 1970s. The pre-1990s phase can further be sub-divided into the era of dominance or autonomy of the state, identified with the Nehru-Mahalanobis model of development of the 1950s and mid-1960s and the phase between late 1960s and 1980s.

During the first two decades following Independence, the state was given a dominant place in the development model. The national and international circumstances which prevailed at that time necessitated to accord such a position to the state. The division of the country into India and Pakistan, the consequent communal riots, influx of refugees after partitions, merger of 565 princely states into the Indian Union, the division of the world in two ideologically opposite blocks — the American and Russian known to be involved in the cold war were the conditions which motivated the national leadership to adopt a development model in which the state would find a dominant place. Founded at the initiative of the then Prime-Minister Jawaharlal Nehru and P.C. Mahalanobis a development economist, this model which gave prominence to the state was known as Nehru-Mahalanobis model of development. It sought to build India a strong “nation-state”, showing the unity of diverse regional, economic, cultural and regional groups. The market was supposed to depend on the state for its existence; it had to be regulated and get the permission of the state through licenses. It gave prominence to the state organs, especially bureaucracy, which came to known as the “permanent government” or “steel frame”, state planning, mixed economy, non-alignment in the international relations.

This model envisaged that it would lead to overall development of the country, eliminate the differences and hierarchy based on social cleavages — caste, religion, language, race, region, and economic disparity (will augment the economic growth, remove poverty, etc.). In the macro economy it gave preference to the industry over the agriculture or the rural sector. However, the state introduced several measures which affected different classes and groups; these groups participated in the collective actions in the coming decades. In the rural areas land reforms — abolition of landlordism and making the tillers as owners of land, agricultural extension schemes, community development programmes and several welfare measures were introduced by the state in different states. Though these schemes were not completely successful, these had improved the conditions of peasantry to varying degrees. The most forceful and effective intervention of the state in the rural economy was in the 1960s through the green revolution the HVY (High Yielding Varieties of seeds), fertilizers and inputs, seeds, mechanisation, etc. in the selected areas of the country.

The period from the late 1960s till the 1980s saw the deinstitutionalisation and personalisation of the state machinery, specially during the reign of Indira Gandhi. With some interruption, this phase continued till the 1980s. This included period of emergency, more than four years’ rule at the centre by different non-Congress political formations — the Janata Party, the Janata Dal government and the governments headed by Charan Singh and Chandra Shekhar. The decline of the state institutions which started during the Prime Minister ship Indira Gandhi continued even during the later regimes.

The post 1990 phase, i.e., the era of liberalisation from the 1990s, has seen the decline in the state authority following the introduction of Structural Adjustment Programme introduced by the Narasingha Rao government in 1991. This phase is marked by the parallel rise of the market force, civil society organisations which have eroded the monopoly of the state.

### **6.2.2 Discourse on the Indian State**

Two perspectives have been followed to analyse the Indian state — its nature, autonomy and efficacy. These are Marxian and the non-Marxian. The latter can further be

sub-divided into development/modernisation/systemic and neo-liberal perspectives. The Marxian perspective is followed by academicians and different communist parties. The Non-Marxian scholars include the developmentalist/Modernists/Behaviouralists like Rajni Kothari and Morris Jones, L.I. Rudolph and S.H Rudolph and neo-liberals like P.N. Bhagwati, Srinivasn, Padma Desai, V K Ramaswami and B R Shenoy. Developmentalists use political system in place of the state. However, in his later writings, Rajni Kothari used state, not political system. While the Marxists consider the Indian state as a representative of the propertied classes (landlords, bourgeoisie /feudal classes and foreign multi-nationals), the neo-liberals find it inefficient. The emphasis of the Marxists is to understand its class character. The neo-liberals find the state inefficient, bureaucratic/rule-oriented detrimental to the growth and progress in the pre-1991 phase (the present phase of liberalisation). Their critique of the Indian state focuses on its two features — development planning and state intervention. According to the neo-liberal critics of the state, Indian state during its existence in the post-Independence period has not been able to achieve the growth nor has been able to remove the poverty. The pre-liberalisation phase (pre-1991) was considered by the neo-liberal like Bhagwati as the phase of ‘slow rates of growth and per capita income’ and as phase of ‘weak performance’ regarding India’s ‘own aspirations’. The neo-liberals rated India’s performance inferior to the performance of the East Asian countries. They argued that India’s performance improved in the post-liberalisation era in relation to the earlier phase. It is because of the prominent role which the market has come to play and decline in the dominance of the state. However, some of them believe that state intervention has been successful in transforming traditional agriculture. But there has been stagnation in India’s industry during the 1960s and 1970s. The Marxist scholars find the neo-liberal critique of planning, state intervention and state’s dismal performance in the pre-liberalisation era unconvincing. They refute the arguments of the neo-liberals on all accounts. The representatives of the Marxian perspective are T. J. Byres, Prabhat Patnaik and Amiya Kumar Bagchi. Deepak Nayyar argues that contrary to the argument of neo-liberals like Bhagwati, there was revival of industry before the liberalisation phase, i.e., the late 1970s and 1980s. The Marxists, however, have their own arguments to criticise the planned economy and the Nehru-Mahalanobis model. Unlike the neo-liberals, they do not overlook the contribution of the planning and state intervention; they do not dismiss “*tout court*” the planning and interventionist state as responsible for “an unmitigated economic disaster” They argue that liberalisation has not brought down poverty; rather it has increased it. T. J. Byres, unlike the neo-liberals who do not see improvement in the economic conditions of the people in the pre-1991 era, holds that there was a period of which saw economic growth and removal of the incidents of poverty — i.e. mid-1970s and the 1980s. The development planning is still considered relevant by them in the phase of liberalisation.

Though broadly following the non-Marxian perspective, L. I. Rudolph and S. H. Rudolph in their book *In Pursuit of Lakshmi: The Political Economy of the Indian State* situate the Indian state in the context of politics in India. They argue that the politics in India is not a class politics; it is centrist politics. The state stands as a third factor between the private capital and organised labour. As the organised labour form very small proportion of the labour population in comparison to the unorganised labour, the class politics in India is absent. It is centrist politics. As a third factor, state negotiates between labour and capital as an autonomous body. Rudolph and Rudolph also indicate the Indian state as a “socialist state” invoked “socialism” in pursuit of public sector and state planning. Byres terms it as “empty political rhetoric”. According to Rudolph and Rudolph the

state is related to two types of politics — demand politics and command politics. The demand groups need leadership, ideology and articulation of collective good in order to enter into collective action. These collective actions are social movements. In command politics the state as a third actor “not only provides order, justice, and security, enhances social goods and benefits, and reduces and eliminates social costs, but also directly commands enough resources to be self-determining in variety of policy arenas and historical contexts”.

The scholars who followed development/modernisation perspective did not use the concept of state to study the polity of countries, especially decolonised/developing/third world countries. They sought to understand the institutions and processes of the political system. The main argument of these scholars was that different constituents of the political system conflict and adjust with each other and in the process the system remains resilient and maintains itself. This framework has been criticised for confining politics to the political elite and thus neglecting the ordinary people. Besides, it did not attempt to link politics to its historical legacy and imperialist forces. However, by the 1970s, the need to study state was felt with Theda Skocpol’s “Bringing the state back in”. Even Rajni Kothari used state in his later writings, most important being the *State Against the People*.

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### 6.3 CHANGING STATUS OF THE MARKET

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As you have read in the previous section, the market was given secondary position in the policy formulations in relation to the state in the pre-liberalisation phase. The market not only had to depend on the state leadership and bureaucracy for clearance, licenses or operate under the inspector raj, it also had no major role in measures meant for various sections of the society. Besides, the market had to face the corruption/lack of transparency, redtapism, etc. These were in general taken to be failure of the state. This brought to the prominence the role of the state in the process of democratisation, governance and development. A search for an alternative to the state as an agency for carrying out development and democracy started. A section of scholars and politicians argued that the alternative to the state could be found in the market. But there was an equal strident opposition to the market as an alternative.

This was a general trend world over. The western world with the neo-liberal ideology and through the institutions like the World Bank, International Monetary Fund, etc., played a leading role to propagate the ideas that the panacea to the problems of the third world could be found if the state in these countries “rolled back” or became a minimalist state and structural reforms were introduced in these countries. It boosted the market which is associated with the economic reforms programme, popularly known as the globalisation or the Structural Adjustment Programme. This has been true for the third world countries. These countries have been beset with the colossal problems in all respects and faced “crisis of governance” — violence, corruption, lack of transparency, and financial instability and insecurity. In case of India, by the 1980s the financial problems, mainly the balance of payment had become very acute. The solution to this was to be found in borrowing from the international donor agencies. But they could lend only if their conditions were accepted. As a result of this conditionality, government of India had to introduce the Structural Adjustment Programme which came to be known as — liberalisation, privatisation and globalisation. In India the present phase of

globalisation or encouragement to the market started by the government led by P.V. Narasingha Rao in 1991. Despite opposition to the encouragement to the market — globalisation, different governments in India both at the centre and in the states have been pursuing globalisation since then. Some scholars, however, argue that globalisation had started much earlier to its present phase; it is not a new phenomenon. If the immediate cause to encourage market through the Structural Adjustment Programme in India in 1991 by the donor agencies under their conditionality was the balance of payment crisis, in the case of Sub-Saharan Africa it was “crisis of governance” in 1989. It was indicated by the lack transparency, accountability; by the inefficiency of the state and corruption,

The structural reforms in a sense became euphemism for the market. The indicators of this were: removal of tariff and non-tariff barriers within and outside the country; creation of the free economic/trade zones; dismantling the license system or the inspector raj; encouraging the private capital and discouraging the state/public capital or public sector units (disinvestments); allowing foreign capital or the multinational companies to invest in India and start their business operations here (allowing the FDI in different sectors of the economy). The market is also accorded priority in welfare sectors like education, health and setting up the infrastructure, etc. While some argue in favour of the dominant role for the market, others argue that the market has to operate in collaboration with the state and civil society organisations. Notwithstanding the differences among the supporters of the market forces, they all share the common understanding to accord principal place to the market. The market is supposed to be part of the second “green revolution” — corporatisation of agriculture, contract farming, diversification of agriculture, changing cropping pattern in order to produce more profitable crops/ mono crop cultivation, etc., In the service sector the impact of market could be visible in the policies about the reduction of jobs in the public institutions, voluntary retirement schemes and contractual employment, etc.

Like in the case of the success, failure and nature of the state, the reaction to the market is also divided. If there are supporters of the market forces, there are also opponents of it. The latter include diverse forces — the leftists intellectuals and organisations, *swedeshi* (opposed to the foreign markets), and section of dalit spokespersons, a section of environmentalists, etc. (as you will study in different units).

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## 6.4 STATE AND MARKET IN THE NEW CONTEXT

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The changes in the statuses of the state and the market have occurred in a new context. The features of this context are: decline of the cold war and disintegration of the socialist block in the 1980s and rise of civil society organisations, intellectuals, NGOs and Voluntary organisations. These developments resulted in the erosion of the monopoly of the state as the principal agency of working for the welfare of the society. Apart from the market, the new agencies in terms of civil society came to be acknowledged as the potential agencies of welfare of the people. While the questions about the efficacy of the state and market whether one is more important than the other, continue to be debated, the significance of the civil society organisations has become enormous throughout the world. The questions whether the NGOs alone can deliver the goods to people or they have to do so in collaboration with state and market are being raised.



The growing significance of the civil society, existing along with the state and market, working either independently of or in collaboration with them, has become one of the principal focus of academic discourse and political activism. Along with civil society, the concept like the social capital have also come to occupy important place in the academic discourse. Popularised by Robert Putnam while studying the civic traditions in Italy, the social capital is supposed to consist of networking, trust and shared values among the members of a group which possess social capital. Social capital denotes existence of associations among its members. As social movements are collective actions — with the organisations, leaderships, organisations, ideology, policies and strategies of mobilisation, associations have become important part of social movements. However, the civil society organisations and concept of social capital have not gone unchallenged. John Harriss argues that social capital depoliticises development. Existence of civil society, social capital and social movements are considered to be indicative of the existence of democracy in a section of the contemporary discourse.

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## **6.5 CONTEXTUALISING STATE, MARKET AND SOCIAL MOVEMENTS**

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Are the social movements related to the changing statuses of the state and market or globalisation? Like on the statuses of the state and market, there are also opposite opinions on the relationship between the globalisation and social movements. Some argue that the social movements, especially the new social movements along with the rise of identity movements have emerged as result of globalisations. But when you read different units of this course you will find that there have been collective actions of different groups even before the present phase of globalisation was introduced in India in the 1990s. Therefore, it is not always possible to relate the social movements to the globalisation. But if we place the issues and collective actions of various groups in the context of changes in the political economy including the globalisations, it can help us to understand the social movement better. We can contextualise the social movements with some examples.

The relationship of the social movements with the state and market can at best be seen in the following way: the state's ability to meet the aspirations of the people and their representation in the state agencies or organs, and with the market also its ability to give the people what the state has been unable to do. As you have read in different units, different sections of people started questioning the model of development and nation-state building within a few years of implementation of the Constitution. There were movements on the ethnic, linguistic, caste and class issues. The personalisation of the state institutions by the political executive along with the growing corruption resulted in the Nav Nirman movement in Gujarat and JP movement known as Total Revolution. But unlike the latter decades, the mobilisation of these movements was done by the political parties, mainly the opposition or the non-Congress parties.

While the mobilisation up to the 1960s had been done mainly by the political parties or the organisations related to them, since the 1970s the different social groups came to be mobilised by the non-party or apolitical organisations, though in the due course of time they became political. Gail Omvedt terms such movements as the new social movements as they share some characteristics which are new. The issues raised by these movements are related both to the state and market. They are related to the state as the

state has been held responsible for neglecting them and thus forcing them to launch social movements. They are related to the market because of nature of their demands. The market-related demands are: the remunerative prices of the produce of the farmers, availability of the subsidised inputs. Some scholars like Tom Brass argue that there is nothing new in these demands; they were raised earlier also. The intervention of the market forces, especially the multinational organisations to appropriate the natural resources like water by the soft drink making companies has caused the movements of farmers in Kerala and Rajasthan against the usage of the ground water. Retrenchment of workers in several public sector undertakings, following their privatisation or closure, increase in the FDI in the Insurance and Telecom Companies has caused resentment in the working classes and the government employees. These, however, have not resulted in the sustained collective action.

From the 1990s onwards the issue of reservation in the private sector has also been added to the agenda of dalit leaders and political organisations. They apprehend that privatisation as a part of the globalisation will result in the reduction of the government jobs. This will harm the cause of social justice. They argue that in the light of the shrinkage of government jobs following the privatisation, reservation should be provided to dalits in the private sector. This demand is, however, resented by the representatives of the market or the industrialists. But again, this issue has not resulted in a sustained collective action of dalits. It is being raised in the pamphlets, press statements or the party manifestoes.

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## 6.6 SUMMARY

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To sum up, the relationships among the state, market and social movements are among the much debated issues in the academic discourse. But there are two different and contradictory views about all of them. While one group of scholars attributes the reasons of the social movements directly to the decline of the state and rise of the market, another gives just opposite views about it. Similarly about the changing statuses of the state and market and their roles in fulfilling their tasks, there are opposite opinions. In such a situation, we can have a proper understanding of the social movements, if we situate them in the context of changing statuses of the market and the state, even if we do not relate the causes of their rise directly to the market and state.

The dominant or autonomous position which the state was accorded according to the Nehru-Mahalanobis model, its nature, status and performance has been analysed by the scholars. The Marxist among them consider the Indian state to be a representative of the propertied classes – the landlords/feudal elements, bourgeoisie/capitalists and the foreign capital. But at the same time they appreciate positive contribution of the state including its planning. There are on the other hand those, known as neo-liberals who find the Indian state failing on all accounts – achieving the growth rate and removing poverty. Though they are critical of Indian state through out its existence in the post-Independence period, their attack on it became more virulent in the new phase of liberalisation, i.e., since the last decade of the twentieth century. They argue that market had been accorded a secondary position in India in comparison to the state. The latter had suffered due to Inspector-License Raj, corruption, red tapism. The problems of the society can be solved if the market is encouraged to grow over the state. Their suggestions to encourage

market include: disinvestment of the public sector units to encourage the private or market forces; contractual jobs, voluntary retirement schemes, foreign direct investment in various sectors of economy; dominant role to the market in the state-market-civil society relationship, etc. The neo-liberals have also been criticised in various quarters, which include Marxists as well as non-Marxist for their neglect of the role of the state and giving priority to the market. In their opinion, the market whose sole motive is to earn profit can not be expected to introduce measures meant of the welfare of the people.

L.I. Rudolph and S. H. Rudolph recognise the autonomy of the state as a “third factor” between the capital and organised labour in politics of India which is centrist, not class politics.

There have been collective actions in India before and after independence. Their relationships to the state and market can be seen in the context of their changing statuses. Within a few years of the introduction of Indian constitution, there were collective actions of different groups which challenged the Indian state. Since the 1970s onwards, there has been addition to these movements in terms of more social groups, issues, leadership, ideologies and patterns and strategies of mobilisation. Though these movement might not have been caused directly due to the action of the state and market, their changing nature and statuses do provide a context to comprehend the social movements.

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## **6.7 EXERCISES**

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- 1) Discuss the changing status of state in India.
- 2) Discuss the changing status of the market and analyse its relationship to the state in India.
- 3) How do you relate state, market and social movements to each other? Explain.