

A New India?

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A New India?

Critical Reflections in the Long Twentieth Century

Edited by
Anthony P. D'Costa



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FOREWORD

At the end of the first decade of the twenty-first century, there is a striking optimism about the emerging India. The country that only had a past is beginning to be seen as a country with a future. The land of scarcities is being thought of as a land of opportunities. The land of snake charmers is now considered a land of fashion designers. The land of traditional crafts is increasingly perceived as a land of information technology. The land of bullock carts or steam trains is beginning to be seen as a land of automobiles or jet planes. This dramatic change of mood is particularly discernible among the rich and the literati in India. There is a similar change in thinking about India in the outside world, mostly among interested individuals or concerned institutions. The mood is contagious, and the images are larger than life, because those who articulate such views have both voice and influence.

It would seem that perceptions about India are changing rapidly. The realities are also changing, but much more slowly. And there is a mismatch. The perceptions, as also the realities, depend on who you are, what you do and where you live. Captains of industry, editors of newspapers or ministers of governments see one India. So does the software engineer in Bangalore, the stockbroker in Mumbai, the lobbyist in Delhi or the entrepreneur in provincial India. The picture is similar, even if shallower, for the investment banker in London, the mutual fund manager in New York or the chief executive in the board room in Tokyo. These images shape thinking about India in the world. But there are also contrasting images of India, which constitute an altogether different world. Poor tribals in Orissa or Madhya Pradesh, landless labourers in Bihar, *dalits* in Uttar Pradesh, peasants in villages everywhere, migrant construction workers in Delhi, slum children in Mumbai, pavement dwellers in Kolkata, or street vendors in Chennai, see quite another India. Their daily lives are such a struggle that they simply cannot think about, or imagine, a different India.

In thinking ahead about India, say in 2030, aspirations and images obviously differ. The incorrigible optimists hope for a developed India that has caught up with industrial societies. Political leaders aspire for recognition

as a nuclear power in the P-5 club, membership of the Security Council in the United Nations, and a seat at the dinner table with the G-8. Their ultimate aspiration is India as a superpower in the world. The corporate elite hope for dynamic entrepreneurship, technological capabilities and wealth creation. Their ultimate aspiration is India as a lead player in the global market with its own transnational firms. The pink pages of our newspapers and the electronic media have similar hopes for India two decades hence.

Such beliefs about India in the world stem primarily from aspirations about the economy in 2030: that it would become the third largest economy in the world in terms of national income at purchasing power parity; that it would become a middle-income country in terms of per capita income; and that poverty would be banished from the republic. And if China is the world's factory, India would be the world's office. These aspirations, in turn, are based on two assumptions. First, it is assumed that rapid rates of economic growth would be sustained. Growth matters because it is cumulative. But the complexity of economic growth cannot be reduced to a simple arithmetic of compound growth rates, for there is nothing automatic about growth. Second, it is assumed that a reliance on markets, combined with a rapid integration into the world economy, would help deliver such rapid growth. But there is no magic in the market. The invisible hand of the market, à la Adam Smith, is invisible only because it is not there!

It is not just that there are two sharply contrasting views of India in the world. There are two different, almost dichotomized, worlds in India. There is an India that is global and there is a *Bharat* that is local. What is more, there is a virtual disconnect between these two worlds. Of course, India is a society in which different cultures (traditional and modern), different divides (caste, class and religion), or even different centuries (nineteenth and twenty-first), co-exist. There is no clash between modernity and tradition. At the same time, the diversity and the pluralism are necessary and also desirable. But the dichotomy between India and *Bharat* is not. And where we can get to depends on where we start out from.

More than 60 years after independence from colonial rule, India is unable to meet the basic needs of hundreds of millions of citizens. It is estimated that about one-fourth of its 1 billion plus people live in absolute poverty. The poor do not even have enough food, let alone clothing, shelter, healthcare and education. In fact, there are more poor people in India now than the total population at the time of independence. These estimates are based on a poverty line (rupees 12 per capita per day at 2004–05 prices) defined in terms of a critical minimum level of nutrition. If the poverty line is drawn at a somewhat higher level (rupees 20 per capita per day at 2004–05 prices), it is estimated that at least one-half, possibly as much as three-fourths of India's

people live in such poverty. These two poverty lines are not the same as, but are the equivalent of, the two poverty lines of US\$1 per day and US\$2 per day in purchasing power parity terms that are used by the World Bank in its poverty estimates. The population between the two poverty lines, a minimum of another 250 million and a maximum of another 500 million people, is vulnerable. It is this much larger population that is vulnerable in times of crisis, because any shock, such as a bad harvest, high inflation, or employment cuts, can push them deeper into poverty below the critical minimum.

This might be the reality for a large proportion of people in India and for large parts of its geographical space. But it is not the only reality. There is another, even if not so new, India. It is neither India imagined nor India invented. There is a tiny proportion of rich people who are global and at par with the rich anywhere in the world. There is an emerging middle class, differentiated rather than homogeneous, with capabilities and aspirations, which is a significant proportion of the population. But these are pockets of prosperity and islands of well-being in a continent where most people are poor, without entitlements, capabilities or assets. It is clear that the process of development in India has been associated with simultaneous, yet asymmetrical, consequences for people. There is an inclusion for some and an exclusion, or marginalization, for many. There is affluence for some and poverty for many. There are some winners and many losers. It would seem that there are two worlds that co-exist in space even if they are far apart in well-being. This book recognizes, explores and analyzes the two, sometimes multiple, realities of contemporary India. In doing so, it makes a valuable contribution to our knowledge and understanding of the subject. The contributors do not seek to search economy and society in the new India for its shortcomings. Their object is to unravel contemporary India in its complexities. In the process, the volume reveals and highlights the tensions and conflicts that have surfaced, or are discernible, in the economic, social, political, cultural and intellectual spheres.

The mix of the essays in the volume is unusual. Its contents are new. The approach is different. The contributors are from different disciplines in the social sciences. And their perspective is heterodox. The structure is as follows. The introductory chapter sets the stage, constructs a framework, outlines the questions and draws together what emerges from a diverse set of essays. The next three chapters are on the economy of independent India with a focus on the last quarter of the twentieth century. The discussion, which seeks to analyze the growth performance of the economy, the problems of the agricultural sector, and the emerging mix of manufacturing and services, highlights the contrasts between the old and the new, with their emerging conflicts and uneasy coexistence, to suggest that there is both continuity and

change. These are followed by a chapter on the intersection of economy and society, which argues that the process of growth has been associated with an accentuation of the rural-urban divide, the caste divide and, most important, the gender divide. The remaining three chapters move away from economics to sociology, history and politics to explore emerging contradictions in other spheres. The themes range from the diaspora and its connection with India, through nationalism, modernism and internationalism in independent India, to the market for contemporary art in a new India. Once again, these essays highlight conflict and coexistence, to emphasize that continuity and change are intertwined.

The messages from the collection of essays in the volume are interesting. Some deserve mention. In the long twentieth century, the most significant turning points for polity and economy in India were *circa* 1950, marked by the birth of political democracy and the distinct departure from the economic stagnation of the colonial era. If we consider India during the second half of the twentieth century, the turning point in economic performance was *circa* 1980 and not when economic liberalization began in 1991. In any case, even the performance since then is in part attributable to the initial conditions that were created and the essential foundations that were laid during the period from 1950 to 1980. Thus, change is embedded in continuity, not only in economy but also in polity and society. At the same time, it is clear that the process of development since 1991 has accentuated divides and conflicts in the economic, political, social and cultural spheres. These divides, of course, are not new. But the coexistence of the old and the new in economy, polity and society has become more complex and difficult. Economic exclusion and social deficits are more pronounced and more visible in the realities that have unfolded in India over the past two decades. There is an inherent tension that has surfaced. Those excluded by the economics of markets are included by the politics of democracy. Economic liberalization and political empowerment are creating conflicting pressures in society. These realities and complexities are either neglected, or not sufficiently recognized, by the unbridled optimism of the new India enthusiasts.

The essential conclusion to emerge is that too much emphasis on the significance of economic liberalization is misleading for an understanding of the complex realities of India since independence because it tends to neglect other turning points of change in the economic, political, social and cultural spheres. Such an approach does not strike a balance between the highlights and the shadows, because it overstates the achievements and understates the shortcomings. What is more, it does not recognize that the old and the new are interconnected, intertwined and inseparable. Indeed, the past has shaped the present as much as the present will shape the future. India is changing.

But the new cannot erase the history embedded in the old. The contributors argue that it is not feasible for a few in the new India to secede from the many in the old India, just as it is not desirable for the small minority in new India to enter the twenty-first century and leave the overwhelming majority behind in the nineteenth century. Most importantly, perhaps, this volume attempts to understand the process of change in India in its multiple dimensions, where the interaction of economic, social, political and cultural factors leads to mutation and evolution.

In my view, India's unfinished journey in development will not be complete so long as poverty, deprivation and exclusion persist. The destination, then, is clear. In the pursuit of this objective, it is essential that we provide not only food and clothing but also shelter, healthcare and education for all. Economic growth is essential, but cannot be sufficient. We will need employment creation and sustainable livelihoods. And development must also enhance the well-being of people in terms of expanding freedoms. This must extend beyond freedom from hunger, disease and illiteracy, so that development imparts capabilities, creates economic opportunities, promotes social inclusion and ensures political liberties for people. The aspiration can be transformed into reality when India and *Bharat* are one, connected and integrated, rather than two almost separate worlds. Such an India, built on the strong foundations of our most abundant resource and most valuable asset, people, can also deliver prosperity and power to the nation so cherished by some.

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PREFACE AND ACKNOWLEDGEMENTS

India has been on the move, changing from within and without in multifarious ways. These changes have been sincerely as well as glibly dubbed a 'new' India, which has surreptitiously and unwittingly swept away the 'old' India. Any casual observer would notice that the 'new' no doubt coexists with an 'old' India, although where one begins and the other ends is difficult to mark. It is equally vexing to separate an earlier modernizing, idiosyncratic India from its traditional past, the 'other' India, and from the current globalizing, modern India. That there are multiple Indias is an oft repeated cliché, but it cannot be denied. To put it differently with another cliché, is there a unity of Indian change in all of this diversity?

This volume acknowledges that India, as a social system, mimics, mocks, and reinvents itself continuously – in real and imagined ways. There are new forces at work, gnawing at and pushing out the old even as the old reinvents itself in a changing India. To capture these multiple, multilayered, centripetal and centrifugal shifts remains a daunting task. This volume should be seen as a modest and selective attempt to begin the intellectual quest to unravel a 'new' India in its complexities.

This project had its genesis at the end of 2007 when I founded the book series *India and Asia in the Global Economy* with Anthem Press in London. In March 2008 I organized two academic panels with the theme *A New India? Studying India in the Long Twentieth Century* at the 2008 British Association of South Asian Studies (BASAS) Conference at Warwick University. The goal then, as now, was to examine the changes in India critically from interdisciplinary perspectives. I invited several scholars from a variety of social science backgrounds who were doing interesting work in this area. It did not matter what discipline they came from and what their specialized scholarship was about as long as they were willing to dissect the 'new' India in a critical and sensitive way. All the authors were asked to engage and confront this 'new' India historically, suggesting continuity rather than disjuncture and varying turning points for different spheres of Indian change. The essays are also globally situated, acknowledging that just as

India is changing so is the world economy and hence the interdependent nature of social change becomes readily apparent.

This book presents a collection of original essays that see the 'new' India in a critical manner, without understating the massive changes under way and without necessarily agreeing that new represents progress or regress or that it is a break with India's past. Given the complexity of Indian change, this volume should be seen only as a microcosm of something immense and thus only a modest beginning of a much larger undertaking for the scholarly community as a whole.

After leaving the University of Washington in early 2008, this has been my first major project at the Asia Research Centre (ARC), Copenhagen Business School. While in Copenhagen there have been many opportunities in the past two years to share my understanding of India, both as an insider as well as an outsider, with various Danish constituencies. These have ranged from Danish popular media, business groups, high schools, and special interest groups such as the Danish Ethical Trading Group and the Stock Exchange, and of course Danish universities such as Roskilde and Copenhagen University, the Nordic Centre for Asian Studies and our neighbouring university in the Swedish city of Lund. I am particularly grateful to Danish Broadcasting Corporation's DR2 *Udland* (international news program) for seeking out my views on emerging issues in India and thus giving me the opportunity to investigate and understand new developments while at the same time heightening the awareness of India in culturally and geographically far-away Denmark.

I appreciate the congenial research environment at the Asia Research Centre. I especially thank Kjeld Erik Brødsgaard, the Director of the Centre and Poul Schultz, my colleague and Director of the Asia Business Forum. Both have provided me with formal and informal opportunities to present, discuss and confront the 'new' India in different ways. Bente Faurby, Administrator at the Centre and an India-enthusiast has assisted me greatly in putting together a number of India-related events, including a long list of distinguished lectures by India scholars at the Centre. I also thank Finn Jung-Jensen, former President of Copenhagen Business School, for bringing me to CBS and supporting my initiatives on Indian Studies in a personal and professional way and Alan Irwin, Dean of Research, for giving me some time off from teaching to undertake editorial projects such as this.

Over nearly two decades my friends and colleagues at the University of Washington provided a relaxed intellectual forum for bouncing off ideas about a changing India. Mike Kalton and David Morris were and remain excellent interlocutors for my ideas and opinions on matters pertaining to India's place in the modern world. Sam Parker deserves special mention for his deep understanding of Indian culture and art and for his many conversations

over the decades on a changing India. He was also generous with his time in reviewing one of the chapters in this volume. Barbara Harriss-White of Oxford University provided good leads on potential contributors.

As always Janette Rawlings has provided monumental support. In addition to editing the entire manuscript, she has put up with my long absences and contributed more than a fair share of raising our two independent and energetic children. I would like to acknowledge Tej Sood, the publisher at Anthem Press, Janka Romero for coordinating my series and the publication process, and Tom Parker, a roving photojournalist, for allowing me to use one of his countless images of a 'new' India for the book's cover. Special thanks go to Deepak Nayyar of Jawaharlal Nehru University for his professional advice over the years and for writing the foreword to the book. None of the individuals or institutions bears any responsibility for any inadvertent errors or omissions.

Anthony P. D'Costa

Copenhagen

April 2010

Chapter 1

WHAT IS THIS 'NEW' INDIA? AN INTRODUCTION

Anthony P. D'Costa

Nayi Indian, Nayi Deluxe Bike

('New Indian, New Bike', a fading advertisement on a brick wall in Bansberia, West Bengal, December 2009)

Introduction

The labels 'new India' and 'new Indian' are now commonplace. Businesses hawking products or journalists and social commentators reporting on contemporary India use the label lavishly. There is a new India, which is different from what it was before, an unstated 'old India'. Presumably there is also a new Indian, who is assumed to enjoy the fruits of a modern, industrial, dynamic India, neither bound by the past nor by provincial thinking. India and Indians are now modern and global. A street advertisement in the up-and-coming Salt Lake residential area outside Kolkata shows high-rise apartment buildings and makes no bones about exhorting passers-by to 'live like the world does', an oblique reference to the nouveau riche, whose financial standing is seen as no different from that of the citizens of affluent countries.

What reads like a caricature has been repeatedly reported by the popular and business press, nationally and internationally. *The New York Times* has made liberal use of the prefix 'new' to describe India, as in 'the high life of young, exuberant New India' (Sengupta 2008). The new India refers to the country's stirring middle class, its new-found wealth, changing consumption patterns that mimic Western lifestyles, and India's technological sophistication (Simmons and Kahn 2009a, 2009b). In Amitabh Bachchan's video clip 'The New India', the mega Bollywood star metaphorically refers to India as a dog on a leash—the new India waiting to spring forward while the other India, the leash itself, holds it back.¹

So strong is this sentiment of newness that the international success of the movie *Slumdog Millionaire* upset many Indians as it did not represent the 'new India', but rather depicted the poverty, grime, slums and thugs (Sengupta 2009b) associated with the 'old India'. Of course not all commentators are mesmerized by this new India. Aravind Adiga's *The White Tiger* (2008), winner of the Man Booker Prize, pointedly illustrated the glaring inequality that this new India has spawned. The international press has frequently reported on India's grotesque wealth and income disparities, with malnutrition and female foeticide on the one hand and embarrassing riches on the other (Rieff 2009; Mishra 2006; Sengupta 2009a).

There is no doubt that a different India is emerging, although when it began and what has changed is difficult to pin down. The one common thread that binds the new and the other India is the increasing consolidation of capitalist markets of commodity production and consumption, à la modernity, which unleashes economic growth and social change and introduces new contradictions associated with market dynamics. There is already an ideological shift toward freer markets in Indian government policy and business preferences when compared to an earlier India. And in this context, new economic, social and intellectual contradictions have emerged, in agrarian crisis, slow growth of employment, and the persistence of low caste exploitation.

Contradictions of course do not imply that capitalist markets, modernity, or change per se have not produced greater wealth, more liberty, better welfare, and increasing choice for some. Rather, contradictions suggest that the other India is lost in the shuffle of the new India – a quintessential problem of modernity (Connerton 2009: 3, 142). In the thick of the excitement about a new India, there is 'collective amnesia' about the other India. By under-reporting the contradictions generated by change, the social and political tensions in a rapidly modernizing, globalizing, and increasingly polarized India are also underestimated.

As markets have become global, the Indian state has also become more flexible to extract benefits from the world economy (D'Costa 2009). A new relationship between the state and its diaspora, especially the highly visible technology entrepreneurs with high disposable incomes, has been forged to garner capital, knowledge and entrepreneurship for the new India (Sidel 2007, 30). The Indian government has had to shift from a rigid notion of citizenship and national identity to one encompassing non-resident Indians and persons of Indian origin living abroad. This has introduced an uncharted and tenuous relationship between India, its boundaries and its citizens at home and abroad. With the resources of the state stretched, markets have been promoted through which citizens are expected to fend for themselves. Consequently, greater responsibilities have been conferred upon individuals and markets to facilitate