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THE INDIAN BIG BOURGEOISIE AND THE STATE :
AN EXPLORATORY ANALYSIS

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Occasional Paper No. 49

The Indian Big Bourgeoisie And The State:
An Exploratory Analysis

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The relation between a dominant class and the state has often been taken to be a one way process, where the latter is seen as a mere instrument in the hands of the former to be used in its own interests. This understanding is based on two important assumptions first, the dominant class is homogeneous and united, it has a common objective interest and all members of the class have an identical perception of that interest which they further in unison. Second, the most important instrument in furthering the common interests of the dominant class in society is the state. The state is a passive tool or instrument which merely translates the desires and wishes of the class into policy measures and implements them.

Though there is an extremely rich and fairly large body of literature on the state and its relationship with the dominant classes in classical Marxism, yet it is only in recent years that renewed interest has been shown to some of these problems. There has also been serious work of late questioning many of the central assumptions.¹

In India, as a reaction to the instrumentalist conception of the state, some, following Kalecki, when not finding a one-to-one relation between the state and the economically dominant classes, have characterised it to be the organ of intermediate classes viz., the rich peasantry and the lower middle classes. Others would call it non-capitalist regimes.²

In between these two extremes is the tendency to identify different policies and leaders with different classes and fractions. The assumption is that a class or fraction can have only one single political option before it, so that conflicting political tendencies within the state are directly related to conflicting class interests. The possibility of any conflict between a dominant class and the state is ruled out.³

Of course, the complexities of the state class relationship and the relative autonomy of the state has been acknowledged and explained, though from different perspectives, by Ajoy Ghosh and the Caeserist interpreters of Indian politics.⁴

In this paper we shall try to map the relationship between the bourgeoisie and the state in India from 1965 to 1980. In the entire discussion we shall concentrate on the Indian big bourgeoisie. In the first section we shall briefly note the changing policies of the state on

/questions of
/planning, industrial policy, public sector and agrarian strategy. In the second section we shall examine the bourgeoisie's position on these questions in order to see their corresponding pressures behind the changes in state policies. Finally we shall examine the perceptions and pressures of the bourgeoisie to maintain its political hegemony and also how the state in practice establishes this hegemony and looks after the long term interests of the bourgeoisie. It may be noted that this exercise is strictly exploratory.

In this essay we shall also try to examine some of the following major hypothesis which we have framed. We however, do not claim to have examined them all with our meagre data. They are more in the nature of some of the questions we have in mind.

- (a) The bourgeoisie in India is not homogeneous and united and there are divisions and conflicts within it, based on both economic interests and political positions.
- (b) It generally tends to look after its narrow short term interests, in terms of profit. Of course there could be, and in fact are, sagacious members more aware of their long term interests.
- (c) The capitalists want political stability and strong and determined rule, but given the absence of its social hegemony, the very nature of the capitalist mode of production, with the relative separation of politics and economics, and also (a) and (b) above, it is itself incapable of providing such rule. Thus it has perforce to concede a lot of power and autonomy to the state for the very expansion of capitalist production. But as soon as strong political rule provides it with economic growth, from this strength it again wants to curb the relative autonomy of the state and wants to assert its rule more directly. By doing so it tries to weaken the state. This in turn creates conditions which favour the opposition by other classes (though this is not the only or primary

political rule, which essentially leads to a relatively more autonomy for the state. This, in simple terms, is the process of oscillation in the relations between the state and capitalist class. This therefore makes the capitalist class incapable of exercising direct political power.

(d) Being a weak and small class, and having failed to make a classic bourgeois democratic revolution, the bourgeoisie has perforce to share state power with semifeudal and capitalist landlords and rich peasants as well as with imperialism. Nonetheless, ~~xxxxxxx~~ it leads this alliance and there is constant struggle and compromise within this bloc: to strengthen each class/fraction's relative power. Here the state plays the most important role in maintaining the hegemony⁵ of the big bourgeoisie, within this bloc, as well as its dominance over the people, by making concessions or by curbing the other classes. In this it enters into temporary alliances with some classes, even subordinate ones, in its struggle with a particular class or alliance.

(e) The state organises the long-term interests of the bourgeoisie and maintains the unity of the social formation. The more its relative autonomy from the dominant class, the better it can perform this role. And given the relative success of the bourgeoisie in India, it is because of this autonomy of the state and the **far**sightedness of its political leadership, both during the national movement and afterwards, that the state is more capable of responding to the pressures from below and to contain these pressures through both concessions and suppression. Because of this autonomy, it can also impose policies on the big bourgeoisie itself. In fact, in the ultimate analysis, state policies are more the resultant of a given relationship of class forces rather than the product of the dominance of a single class. However, given the structure of this relationship, the state becomes a state of the dominant

classes until this very structure is overturned together with the destruction of the existing state machinery.

State Policies

I

The relationship between the bourgeoisie and the state has to be understood and situated in the larger societal context of the struggle between both the dominant and the subordinate classes and within each of them. State policies are basically determined by this complex interplay of the several classes and fractions in struggle. Of course the state is not a passive tool which only works through the pressure of classes external to it. The state itself has an important role in organising the interests of the dominant classes and maintaining the unity of the social formation.

Given the nature of capitalist development in India, the bourgeoisie has been weak and numerically small and has perforce come to share political power with the rural rich i.e. the capitalist and semifeudal landlords and the rich peasants. Colonialism led to the emergence of a powerful all India centralised state and a very large petty bourgeoisie. In fact it is the petty bourgeoisie and the other subordinate classes which formed the support base of the Congress and led the movement for independence. It was only after World War I that the bourgeoisie emerged as an all-India class and since then established a close, but complex and often contradictory relation with the national movement. The national movement was no simple creation of the bourgeoisie and nor did it control it as its own class instrument. It, of course, had close political, personal and financial relations with the top Congress leadership, especially with its right wing, through which it tried to control the national movement. Nevertheless the national movement was a bourgeois movement in the sense that its leadership and ideology and the solutions it envisaged and fought for objectively would lead to the dominance of the bourgeois class and the capitalist mode of production.⁶ Moreover, in a more fundamental sense, the objective correlation of class forces constrained the national movement to remain within this basic framework especially in the absence of any successful attempt by the subordinate classes to establish their conscious leadership

and future class rule. During this phase, it was the national movement and the farsighted Congress leadership which organised the bourgeoisie's long-term interests and gave shape to it in the form of the independence movement and the setting up of an independent bourgeois state.

During the Nehru era, the imaginative and innovative strategy of Nehru to build an industrial base for a relatively independent capitalism with an important role of planning and the state sector initially frightened important sections of the capitalists especially the Bombay based ones led by the Tatas. Though this strategy was basically similar to the Tata-Birla Plan, the capitalists when faced with its implementation could not stomach the strength and large autonomy of the state, which almost made them feel powerless. Moreover in real life they were more concerned with their short term interests, which was not always compatible with this development strategy. The Birla led section was more sagacious and thus appreciative of the large amount of autonomy of the state. However, with the failure of the Swatantra alternative and the growth of the large houses as a result of Nehru's policies, re-established business confidence.

The six-sixties marked a new phase in India's development and once again brought into sharp relief the bourgeoisie's relationship with the state. The onset of economic stagnation accompanied by political challenges revealed the limits of the Nehruvian growth strategy. It was during this time that an open conflict emerged between the capitalist class and the state. The 1965 session of FICCI was extremely critical of the government's policies and attitude towards the private sector. In the same session there was the lone warning of HVR Iengar, a retired civil servant, who had then entered business. He wanted the avoidance of 'confrontation of business with government'.⁷ Soon after the session Prime Minister Shastri sent G.L. Nanda, one of his senior ministers, to the major business centres to re-establish a rapport with them.

At a meeting in Calcutta, at the Indian Chamber of Commerce, G.D. Birla who has traditionally been close to the Congress, warned his fellow capitalists in unambiguous language not to oppose the Congress government. He said :

"Do they (businessmen) want to get rid of the Government of Shri Lal Bahadur Shastri ? I can tell you from my political experience there is not the slightest chance of

any Swatantra Party or any Jana Sangh or any other party to come into power to replace the Congress. You can break the Congress. You can weaken it but it is not going to help. You will be replacing this Government by Communist Government and they will be the first to cut your throat But there is no other party in the country except the Congress party which can give stability. It is a question of self-interest It would be a short-sighted policy on your part to minimise the achievements of the Congress. Is there any country in Asia except India which has got so much stability, so much law and order and freedom of speech ? You can get up and abuse the Prime Minister or the Home Minister with all his D.I. Rules and all that. He cannot touch you. There is democracy in the country. What more do you want?"⁸

But inspite of such advice and Shastri's efforts, the class, by and large, was increasingly taking a hostile stand towards the Congress and in its bid to change state policies and weaken its power over the bourgeoisie they started supporting the opposition parties. Under such pressure, important changes were made in state policies.

Planning : Nehru was very close to the Planning Commission and defended the Plan strategy from all attacks. In fact the Planning Commission was attacked by its critics as a "super cabinet". The political strength and legitimacy of the state under Nehru was to a large extent based on the ideology of planned industrial development which was represented in the institution of the Planning Commission under the leadership of Nehru. The planning strategy of Nehru was also attacked by the conservative bourgeoisie, but rather unsuccessfully. The death of Nehru and the weakness of the political leadership accompanied by economic stagnation, all of which climaxed into a serious economic and political crisis, led the ruling classes to launch an all-out attack at such an opportune moment. The bourgeoisie too had considerably strengthened itself during the Nehru era due to the economic opportunities opened to it.

Under the pressure of the adverse economic situation, political weakness and opposition by the bourgeoisie, both domestic and foreign, and

and authority of the Planning Commission and led to the reversal of earlier Plan policies. Being dependent on the party bosses, he had to call back the critics of Nehruvian planning dropped from the Cabinet under the Kanraj Plan viz. S.K. Patil and Sanjiva Reddy, except Morarji Desai who refused to join.

One of Shastri's first acts was to divest the members of the PC of their indefinite tenure and placed them on fixed tenures. A separate secretary was appointed to the Planning Commission whereas earlier the Cabinet Secretary performed this dual task, thereby snapping the link between Cabinet and Planning Commission.

In July 1964 Shastri decided to form a separate Prime Minister's Secretariat which would give him more strength vis-a-vis the PC and Cabinet and an independent body of advisers. L.K. Jha, ICS headed it and became the most influential official advisor. In particular, the influence of those officials who since 1963 argued that "the resource position mandated a virtual moratorium on new development schemes to meet the requirements of defence achieved direct access to the Prime Minister". The chief ministers who also wanted limitations on expenses of the public sector found a "new route to participation at the highest levels of decision making" that circumvented the Planning Commission on questions of economic policy.⁹

Nehru, who enjoyed a large measure of autonomy and thus did not have to seek a consensus on all policy issues used to make important decisions on economic policy at meetings of the Planning Commission. Shastri being a creature of the party bosses, involved them including the Cabinet, the Chief Ministers and top bureaucracy in decision making which undermined the power of the PC in economic decision-making.

Asoka Mehta, the Deputy Chairman, according to his interview with Frankel admitted that he was then convinced that "India lacked the political capacity and administrative machinery to operate a controlled economy, and was converted to the view that the only option corresponding to economic and political realities was a shift in planning toward a market approach, involving greater reliance on incentives to private investment".¹⁰

Shastri also formed a National Planning Council with representative of the bourgeoisie to help the Planning Commission.

At the October 1964 meeting of the NDC where the Memorandum on the Fourth Five Year Plan was considered, the sectoral outlays were identical to the Third Plan. It envisaged additional resource mobilisation to the tune of 2500 to 3000 crores. This required a multiple strategy of augmenting revenues by ending large scale tax evasion; a 12% return on invested capital in the public sector; a dramatic increase in receipts from taxation in agriculture, price controls through state control of distribution of food-grains, textiles and primary consumer goods.¹¹

The chief ministers opposed the Fourth Plan on a number of basic issues. Shastri too shared many of their misgivings. He proposed that the NDC form five committees (Agriculture & Irrigation; Industry, Power and Transport; Social Services; Resources and Development of Hill Areas) to advise on policy issues in the Fourth Plan. By an unprecedented move, the chief ministers were "accorded a formal role in the definition of national economic policy".¹²

From a position of increased strength, Congress President Kamraj at the Durgapur session of the party in 1965 expressed grave doubts about the magnitude of the projected outlays of the Fourth Plan and indicated his reliance on the private sector. Shastri immediately announced his decision to call a full meeting of the Planning Commission to discuss the size of the Fourth Plan. The PC however refused to give way.

Shastri, to further undermine the PC and increase the involvement of the bourgeoisie in planning, formed a Business Advisory Council with their representatives. And in a full dress meeting with the PC and several ministers, Asoka Mehta assured them that the process of consultation would be continued until the plan was completed and that the scope for the development of the private sector would continue to be large.¹³

With the outbreak of the war with Pakistan, the NDC voted sweeping authority to Shastri to alter or amend the Plan as necessary to meet the emergent situation. Unlike Nehru, he did not make any impassioned appeal for pressing the Plan as the best safeguard for national security. Shastri directed the Commission to formulate the Annual Plan of 1966/67 in advance of preparation of the Draft Outline of the Fourth Plan, and to emphasise quick yielding schemes in agriculture and better utilisation of industrial capacities already created.

The Draft Outline of the Fourth Plan published in August 1966 once again showed the determination of the PC to plan in accordance with the Perspective Planning Division's April 1964 "Notes on the Perspectives of Development" approved by Nehru. Industrialisation and a self reliant economy within 10 years was the aim. This bold plan depended on the ability of the state to raise sufficient resources for the proposed outlay of Rs.16000 crores. The Draft pushed up the share of industry from 20 to 25% and raised the ratio of public to private investment in basic and heavy industries to 63.6:37.4% well above the Third Plan. Compared to the earlier Draft, the total share of the rural sector declined from 22.8% to 21%.¹⁴

The Draft Outline received Cabinet approval on August 19, 1966 and Mrs. Gandhi, the new PM defended it at the NDC meeting. The CMs not only questioned the ability of the states to mobilize additional resources but also demanded more equitable allocation of available resources between the centre and the states including additional funds to the tune of 750-800 crores for state outlays in agriculture, irrigation, power and social amenities by reducing the amount for centrally sponsored schemes - a cut amounting to well over 80% of the funds provided. The states questioned the very basis of the PC's outlays for the states and wanted an objective criterion for such outlays with independence of the states in the use of these funds.

In Parliament in September 1966, the Draft Outline was attacked by both Congress and Opposition MPs for not giving top priority to irrigation, electrification and water supply schemes in the rural sector. Mrs. Gandhi wanted to delay the fund approval of the Fourth Plan till the elections. In August 1966 she instructed Ashoka Mehta to circulate a memorandum to members of the PC indicating her intention to dissolve the existing Commission and reconstitute it within a year, by August 1967. This meant that the final version would be made without the existing PC members, most of whom were associated with Nehru's model. The PC's authority was further questioned when the Government decided to create a special study team under the Administrative Reforms Commission (ARC) to go into various facets of the power and functions of the PC.¹⁵

The Congress retained its power by a slender majority and lost in many of the states to right-wing led coalition governments in the 1967 elections. At the Centre, it meant increased power for Desai who was made the No.2 man in the Cabinet.

The new PC was formed in September 1967 with D.R. Gadgil as deputy chairman who was a long standing critic of the existing PC and plan patterns. He wanted the PC to be an expert technical body completely separated from the Government and to act as an advisory body.¹⁶ His choice of other members reflected his emphasis on experts rather than political persons. The new entrants were R. Venkatraman, former Industries Minister of Madras State, who was able to attract private investment to Madras; B. Venkatappaih, retired ICS officer and former deputy governor of RBI with expertise in agricultural credit; B.D. Nag Choudhari, a physicist, and Pitsambar Pant, former head of PC's Perspective Planning Division.

This meant the elimination of all remaining opposition to the liberal economic policies of the Government. The ARC recommended that the PC should be an expert advisory body with no say in implementation. The detailed work in the formulation of the plans should proceed in the light of guidelines given by the NDC. Planning Cells attached to ministries should also work out the details of the plans. The PC was left to advise on broad policy issues and allocations.

Newly formed state planning boards would be entrusted with formulating state plans on the basis of resources available and set plan priorities and policies.

It meant the undermining of the PC and more powers to the ministry, bureaucrats and states. In keeping with the ARC's recommendations, the PC's staff of economic investigators and its special technical sections were retrenched and dismantled. According to Frankel, "On the eve of the Fourth Plan, the Planning Commissions' role was so reduced in scope as to virtually satisfy the demands of the business community, reiterated since the mid-1950s, that the proper sphere of activity for the public sector was to promote social overheads and incentives supportive of private investment."¹⁷ The growing constraints on resources forced the government to such a role.

The new PC scrapped the Draft Outline of the Fourth Plan because its assumptions and estimates no longer appeared valid. And the start of the Fourth Plan was delayed until 1969. This was the period of Annual Plans, properly called 'Plan holiday'. It marked a much lower developmental outlay on industrial projects and ^{further} concessions to the private sector.

As the resource position worsened, the PC made a formal revision and explicitly endorsed a growth strategy built on incentives to private investment, even at the cost of concentration of economic power and hence greater inequality.¹⁸ The priorities of the Fourth Plan included efforts to increase agricultural production, reduction of foreign aid and limiting of resort to inflationary financing by linking plan outlay more closely to domestic budgetary resources. This meant a modest plan relying on initiatives by the private sector.¹⁹

Industrial Policy : Together with planning, there was a marked departure in the industrial policy of the state since the mid-sixties. The economic causes of stagnation since then has received greater attention. We shall try to record the changes in state policies in the light of the capitalists' long clamour for such changes.²⁰

In May 1966 eleven industries were delicensed irrespective of the investments involved, since these did not involve import of capital goods or raw materials. Twenty-nine other industries were delicensed in November 1966. Further substantial expansion and diversification to the tune of 25% of capacity was allowed subject to some qualifications.

Following the reports of the Monopolies Inquiry Commission, (1965), the Industrial Licensing Policy Inquiry Committee (1969) and the MRTP Act, the government announced a new industrial licensing policy in February 1970. It was based on a 4 sector division of industries :-

- a) A Reserved Sector consisting of industries in Schedule A of the Industrial Policy Resolution which was to be developed exclusively in the public sector.
- b) A Core and Heavy Investment Sector -- industries which are basic, critical and strategic to the economy involving new investment of over Rs.5 crores. The operation of large industrial houses was to be restricted to this field and major projects were to be developed in the 'joint sector'.
- c) A Middle Sector with investment of Rs.1 to 5 crores. New projects in this sector would be subject to licensing but existing ones would not require licenses for expansion subject to some qualification, e.g. they did not belong to the

category of foreign companies or to any of the 20 large houses. Generally large houses and units requiring substantial foreign exchange were barred from this sector.

d) A Delicensed sector involving investment upto Rs.1 crore.

In July 1970, the Government issued certain guidelines for converting loans or debentures into equity and appointment of directors in companies assisted by public financial institutions.

However, since 1972 the state has continuously liberalised industrial licensing. In January 1972 54 selected industries were permitted to get their licenses endorsed for increased capacity in terms of relaxations for fuller utilisation of installed capacities. It was extended to more industries in October 1972. It usually meant outright regularisation of illegal capacities built.²¹

In a policy statement in February 1973 the list of core industries as under the 1970 policy was substantially enlarged and large houses and foreign companies were allowed to participate in this sector. The earlier concept of heavy investment sector (over Rs.5 crores) was now totally abandoned.

In a bid to expedite and simplify licensing procedure the central government in October 1973 set up a common secretariat, viz. Secretariat for Industrial Approval, to receive and process all types of applications. A Projects Approval Board was also formed to deal with composite applications involving more than one clearance among the four principal clearances. And the Licensing Committee and the Advisory Committee for the MRTP Act was merged into a common committee, viz., Licensing-cum-MRTP Committee, to consider applications for industrial licence and for MRTP approval together. A time limit ranging from 90 days to 150 days was announced for clearing different types of applications. Soon after the declaration of Emergency in June 1975, a series of policy relaxations were announced. In August 1975, 15 engineering industries were allowed automatic growth at the rate of 5% p.a. or 25% during a plan period over and above their existing authorised capacity subject to the usual conditions. In October 1975, 21 industries were delicensed and unlimited expansion of capacity was allowed in 29 other industries. Besides these, relaxations was allowed in specific industries.

The Janata Government in December 1977 announced a new industrial policy with priority to small scale, village and 'tiny sector' industries. It reserved 500 items (subsequently raised to 800) in the small scale sector. It also tried a geographical dispersion of industries from metropolitan urban centres to rural and backward areas.

After coming back to power in 1980, the Congress Government announced a major relaxation in industrial policy. In important sectors of the economy it has regularised all achieved capacity in excess of licensed capacity. The principle of automatic growth at the rate of 5% p.a. upto 25% during a plan period has now been extended to the entire list of core industries where the large houses and foreign companies mainly operate. In order to achieve competitiveness of Indian products in the export market, the need for modern technology has for the first time been explicitly recognised. And for liberal imports of capital goods and removal of licensing restriction will enable industries to take advantage of economies of scale. The restrictions on size per se will not apply in these cases.

Public Sector : It may also be noted that since the mid-sixties, industries in the ferrous metal groups and mechanical engineering industries remained almost stagnant, whereas consumer goods industries catering to the requirements of the rich and upper middle class have registered phenomenal growth rates.²² Shetty has shown that though the public sector has obtained higher amounts of domestic resources, it has spent smaller proportions of the total outlays in favour of development and defence or productive investment. Capital formation expenditure of the Central budget was 49.9% in the Second Plan and 47% in the Third Plan, but during the Annual Plans period it declined to 38% and further to 33% in the Fourth Plan. This is mainly due to financial profligacy and indiscipline, subsidies and diversion of resources to state governments.²³

The public sector incurred huge losses because of inefficiency, uneconomic pricing policy and its treatment as "private fiefdoms" of top politicians and bureaucrats and managers. Uneconomic pricing essentially amounts to subsidising the private sector, both industry and agriculture, e.g. during the Fifth Plan period the aggregate loss on irrigation projects would be well over Rs.1000 crores.²⁴

The share of the public sector in the Plan outlays and investments has been declining since the mid-sixties. Its investment share has drifted downwards from 63.8% in the Third Plan to 60.4% in the Fourth Plan and further to 55.5% in the Fifth Plan.²⁵

The state's rationale for entering industry was clearly spelt out by Mrs. Gandhi in 1969 : "From the very beginning it has been recognised that the public sector would necessarily have to venture into the difficult and capital intensive fields of basic industry which the private sector has shunned for long".²⁶

In this situation of financial indiscipline and profligacy, businessmen close to the centres of bureaucratic power could get more benefits, which led to greater corruption among politicians and civil servants.

Agriculture: The lagging growth rate in agriculture compelled the state to evolve a strategy that would increase food production. Thus in 1964 the planners announced a fresh consideration of the agricultural policy. It came out with two major developments (a) developmental efforts should subsequently be concentrated in the 20% to 25% of the cultivated area where supply of assured water can create possibility for rapid increase in production and (b) within these areas the application of science and technology -- better implements and scientific methods -- should be applied to raise yields. Thus state policy was itself accentuating uneven development. In October 1965 the new policy was put into practice when 114 districts (out of 325) were selected for an Intensive Agricultural Area Programme. It meant the supply of credits, modern inputs, price incentives, marketing facilities and technical advice. The 1969 Report of the Food Ministry's Expert Committee endorsed this strategy and recommended its extension to the entire country.²⁷

The states are responsible for collection of land revenue and other agricultural taxes and levies. Since the mid-sixties with the growth of the strength of the rural rich, especially in the states, agricultural taxes were reduced, land revenue and betterment levies were either abolished or reduced, for example, direct taxes on agriculture had formed 7.8% of the total tax of Central and State Governments in 1960-61, it went down to 5.1% in 1964-65 and 1.8% in 1976-77.²⁸

Of course the planners were aware and even called for the need to tax agriculture, but the state was unable to carry out this measure. The Draft Fifth Plan also once again raised the old argument about the necessity of land reforms to get out of the economic impasse around the mid-seventies. But given the existing balance of class forces and the state structure, any measure which would curb the rich farmers was out of question. However, during the Emergency, when power was centralised, some attempt was made at land reforms and concession to the rural poor. It was, of course, a short-lived phenomenon and soon the rural rich once again emerged even more powerful to wrest more and more concessions from the state.

The Bourgeoisies' Position

II

Planning : The bourgeoisie has travelled a long way since the days of the ambitious Bombay Plan. Even in the Bombay Plan, the Indian bourgeoisies' views were not unanimous, there were sharp differences between the conservative sections of the Indian capitalist class (ICC) and the radical wing led by GD Birla.³⁰ Before the Bombay Plan, the Congress itself set up a National Planning Committee with some representatives of business to formulate a strategy for planned economic development. This points to the importance of the role of the political representatives of a class in organising its interests. There was also the Visvessarayya Plan, formulated by M. Visvessarayya, an engineer and Dewan of the then princely state of Mysore.

The Government pursued the heavy industry strategy in the Second and Third Plans inspite of the fact that it was not wholly to the liking of the bourgeoisie. In fact important sections of the bourgeoisie were being alienated by the economic and political policies of the Government. But it was only in the mid-sixties that the bourgeoisie came all out against the planning strategy of the state. And this time it largely succeeded, at least temporarily.

As the Fourth Plan was being finalised, the bourgeoisie called for a break with the past and wanted a new strategy.³¹ To influence the Planning Commission, the bourgeoisie constituted a committee of five of its top members -- S.L. Kirloskar President FICCI, B.M. Birla, Bharat Ram, HVR Iengar and HKS Lindsay, President Assecham. It is interesting to note the inclusion of Lindsay's name for he represented foreign capital in India. It was not

only FICCI which wanted a new strategy, but the imperialist bourgeoisie, the international financial institutions and their other organs too were clamouring for the same.

JRD Tata at the CACI meeting on 13 August 1965 said the Fourth Plan should be spread over a seven-year period in two phases a first phase of two or three years of consolidation and another four or five years of expansion. In the first period no new projects should be approved unless they were directly related to industrial production; export promotion, import substitution, family planning or infra-structure facilities.³² Again on the eve of the 1967 elections Tata blamed unsound planning for the country's difficulties. He advised the Government to drastically reduce the role of planning in the formulation of economic policy. Government he said should concentrate on a few key plan targets headed by agriculture, family planning and industries directly serving agriculture, and the rest should be left to forces of demand and supply.³³

At the same time, GD Birla too found the reasons for economic setbacks in the most outdated methods of planning.³⁴ In his presidential address to FICCI, SL Kirloskar in 1966 called for a 'thorough review' of planning.³⁵

The uncertainties of the situation in the aftermath of the war with Pakistan, suspension of US aid, recession and political instability led FICCI to call for a flexible plan which should be implemented through Annual Plans.³⁶ Planning should be indicative and be left to the core sector only and the rest should be open to private enterprise.³⁷ Public sector should concentrate on Agriculture and infrastructure and preference should be given to quick maturing projects.³⁸ The draft Fourth Plan was considered too big and unrealistic and was not in keeping with the resources available.³⁹

At the 1965 Annual session of FICCI, a resolution was passed which blamed the Third Plan for failing to maintain a balance between the rate of growth of capital goods and consumer goods. It called for the highest priority to agriculture and family planning. It wanted the private sector to have a larger share in the Fourth Plan. Controls should also be minimised. There should be utmost economy in public expenditure and a greater exchange of ideas with business regarding the finalisation of the plan.⁴⁰

In 1967 RB Amin, President of FICCI said planning had been overdone and that the government should not interfere with economic decisions of the private sector.⁴¹ However Bharat Ram moving a resolution admitted that a certain amount of planning was required because of shortages.⁴²

In 1968 FICCI said if investment had been diverted to more productive sectors like light industries or Agriculture, the output in the economy would have been considerably greater.⁴³

In contrast to these sharp and open attacks by the bourgeoisie on government policy in the sixties, there appeared in the 1970s a much better understanding between government and business on the question of planning. The criticisms since then were very mild.

However in 1976 during the Emergency, in an exceptional Presidential address to FICCI, Harish Mahindra said that prospects for industrial development were unlimited. He called for a 10 year plan on a larger dimension with 100 million tonnes of steel, over 200 million tonnes of cement and 250 MKW of electricity. This was achieved by Japan, USSR and USA.⁴⁴ Equally interesting were the observations of President Fakhruddin Ali Ahmed. Normally the chief guest on occasions such as this try to impress upon the capitalists assembled at the annual sessions of FICCI to make short-term sacrifices for their own long-term survival and prosperity. But in reply to Mahindra, President Fakhruddin Ali Ahmed said "I wonder how many of your own colleagues in business will accept your concept of..... a bold developmental programme which will necessarily call for sacrifices, at any rate in the short term. Will they be prepared to voluntarily part with their own unproductive wealth to support the developmental plans?"⁴⁵

Industrial Strategy: We had earlier seen that the industrial recession and the difficult economic situation in the mid-60s led the bourgeoisie to pressurize the state into scuttling the five-year plans and the emphasis on the public sector. Likewise it wanted changes in the states' industrial strategy. The bourgeoisie wanted a shift of emphasis and growth from the capital goods sector to the consumer goods sector. In the Guidelines for the Fourth Plan (FICCI, n.d.) it was suggested that distribution of investment should be in the following proportions : Agriculture 22%, Industry 37%, Infrastructure 25%, Social Services 16% (p.61). And within industry the break-up suggested was (p.63) :

Consumer goods	-	40%
Intermediate goods	-	43%
Capital goods	-	17%

RC Cooper (IMC) said the emphasis on capital - intensive heavy industry-oriented planning, involving long gestation periods, had inevitably resulted in inflationary pressures with serious political consequences. He wanted an appropriate re-phasing of priorities.⁴⁶ Babubhai Chinai too had earlier expressed the same concern and added that the capacities of existing industries should be expanded rather than establish new ones in the public sector.⁴⁷

As part of its overall thrust the capitalists wanted liberalization of the economy, a greater stress on market mechanism and a low-key role of the state.

In the 1965 Annual Session of FICCI in a resolution on Industrial Policy and Production, moved by SL Kirloskar (Maharashtra Chamber of Commerce & Industry, Poona), it was said that the industrial policy led to suppression of productive forces. There should be liberal licensing for growth of industries which do not require import of raw materials or machinery. The Government should reduce administrative delays and should take a more liberal attitude about import of technical know-how, machinery and equipment.⁴⁸

In the next Annual Session in a resolution on Industrial Policy, moved by Bharat Ram, FICCI expressed concern about the trends in industrial production. The fall in production and the slackening of demand were sure indicators that something was basically wrong with the husbanding of the economy, with its policies and procedures. The country was under the regime of a controlled and regulated economy. FICCI in the resolution urged the following measures :

- (1) All controls and regulation on industry and trade should be reviewed. Give a chance to the normal laws of economics to operate, at least where controls are acting as inhibiting factors.

- (2) Everything must be done to increase exports.
- (3) Foreign exchange saving should be attempted in all fields where import substitution is feasible.
- (4) Defence production should be made self-reliant. Private sector must be made an active partner in defence production.
- (5) The natural flow of finance from banking and other sectors must be restored.
- (6) There should be a thorough review of the fiscal and monetary policies.

During this period the state in an attempt to curb concentration of economic power intended to abolish the age old managing agency system. FICCI in a resolution said that it was not sufficiently appreciated by Government that the system had promoted rapid development in the past and would have an important role in industrializing the country in future.⁵⁰ In a memorandum to the Managing Agency Enquiry Committee FICCI said.

"Indeed the history of Indian industrialization may be said to be in large measure the history of the managing agency system".

It further said that managing agents could easily enlist foreign collaboration and its abolition could lead to disinvestment by foreign companies.⁵¹

In keeping with its thrust on the consumer and intermediate goods sector, the bourgeoisie wanted high priority to be given to the import-saving industrial strategy. Thus together with it, it wanted liberal imports of machine tools and capital goods. It criticised the government for spending substantial amounts of foreign exchange on import of items which were termed as capital goods but were not really so -- for instance, spare parts and components. For, according to FICCI, all of these could be manufactured in India provided the import policy was biased more in favour of machine tools to make capital goods, components

and spares.⁵² In the same letter, it wanted liberal issuing of industrial licenses to entrepreneurs who could implement schemes expeditiously, irrespective of ideological considerations.

The recession of the mid-60s turned the capitalists towards defence production, mainly in the form of supplying materials which could be easily produced by the private sector. In typical altruistic language the President of FICCI in a letter to the Defence Minister said :

"FICCI wants private sector to contribute to self-sufficiency in defence materials".⁵³

Besides providing various incentives, the Defence Ministry displayed 20,000 items which could be manufactured by the private sector.

In the wake of the severe resource crisis, the President of FICCI in a confidential D.O. letter to Morarjee Desai, the then Deputy Prime Minister and Finance Minister, wanted a cut on non-productive and non-developmental expenditure, reduction of taxes, administrative expenses, social and development services, public works, transport, grants to states and an end to subsidies on food and fertilisers.⁵⁴ It has to be noted that the bourgeoisie did not make a volte-face on the 1956 Industrial Policy Resolution. The compelling crisis in resources and the recession only led it to demand a rephrasing of priorities and a relaxation of controls. By the selective easing out of inefficient or subsidised units through the market mechanism, big capital tried to solve its valorisation problem. For inspite of its criticism of the states industrial strategy, it was appreciative of **the flexibility** and usefulness of this strategy. This is well revealed in a letter from the President of FICCI to Asok Mehta, Minister of Planning :

"I do appreciate that the implementation of the Industrial Policy Resolution has not been as rigid as it was once apprehended".⁵⁵

What the President called for was the relaxation and removal of controls. In its bid to lessen the control and power of the state over the economy the President went to the extent by saying, "Decentralisation of decision making is also an imperative necessity".⁵⁶ The bourgeoisie's pressures (especially of the conservative sections) had led to the decline of the developmental role of the state, but the plan holiday since the

mid-60s was not able to get India out of the economic crisis but instead largely caused a severe political crisis and instability challenging the hegemony of the bourgeoisie itself. Mrs. Gandhi's sweeping victory in 1971 marked the end of this strategy. And the capitalists too reiterated their faith in the 1956 Industrial Policy Resolution and the need to achieve self-reliance by intensifying import substitution.⁵⁷ In 1972 they called for an employment oriented-labour intensive development strategy, FICCI even wanted the fostering of small sector entrepreneurship as it creates the base for future growth of medium and large industries.⁵⁸ It even saw the need for R & D for making full use and better adaptation of imported technology and the development of indigenous technology.⁵⁹

A Plan Sub-committee led by Bharat Ram was formed by FICCI for considering the Fifth Plan. It suggested an employment strategy through a massive programme of rural works — minor irrigation etc. and elementary education.⁶⁰

However the promise of rapid self-reliant economic development made by Mrs. Gandhi in 1971 very soon met with the oil crisis, inflation, shortages and labour unrest. And the conservative section of the capitalists who were critical of the state's policies once again attacked the Government. JRD Tata in a speech to the Central Advisory Council of Industries in 1973 said the industrial stagnation was due to investment famine. The Dutt Committee had paralysed growth in nearly 50% of the organised sector of private industry (the large industrial houses and foreign controlled companies) and this had had a chain reaction. Other reasons were the Government's monopoly over finance, huge non-development expenditures, absence of reliable foreign aid and deficit financing. The Government had also removed all incentives for corporate investments. The 25th Amendment and the takeovers of private industry had created a sense of chronic insecurity among investors.⁶¹ In a resolution moved by Bharat Ram on Challenge of Planned Economic Development, it was said that even after 23 years of planned economic development basic problems of poverty and unemployment still persists. The following measures were suggested :

- (1) Price stability and creation of conditions for increasing agricultural and industrial production to eliminate shortages and ensure social harmony.
- (2) Deficit financing should be kept at a minimum.
- (3) Industrial truce for five years.
- (4) Take over of trade escalates cost so existing trade channels should be used to the maximum.
- (5) Effective population control should be given very high priority.⁶²

Again in the 1975 Annual Session of FICCI the bourgeoisie called for a moratorium on strikes and lock outs for five years. It also wanted the Government to curb non-productive expenditure and make funds available for investment. It also recommended the abolition of price controls wherever possible and substitution by dual pricing if necessary, the raising of the 20 crore limit for the MRTP Act and encouragement of viable enterprises of economic size.⁶³

With the clamping of Emergency in mid-1975 social tensions and especially working class struggles were swept under the carpet and rapid economic development was promised by the state. We had earlier seen Harish Mahindra's extraordinary Presidential address to FICCI calling for a bold 10 year's development plan emphasising on steel, cement and electricity. He also wanted to restructure the export pattern — shift from primary products to manufactured goods; raise large finances from the public, especially in rural areas, and undertake research to Indianise technology.⁶⁴ This again shows that the ambitions of the Indian bourgeoisie to achieve independent industrialisation, were kindled during a period of a strong and centralised political rule where all immediate challenges to its class rule had been successfully overcome. And its shifts and backslides coincide with immediate economic problems of the different sections of the capitalist class, difficult economic situations and unsafe political rule. Of course it has to be kept in mind that this extra-ordinary speech of Mahindra bordered on being over-ambitious, as is seen by the reaction of the then President Fakhruddin Ali Ahmed.

With the defeat of the Emergency regime and the rise of the Janata Government in 1977 we find a renewed effort on the part of the bourgeoisie to call for liberalization. B.M. Birla said India has been depending on 'benovolence' and 'charity' for long and there is no reason for seeking 'concessionary aid'. The need possibly is import of machines and equipment. There had been a 'sheltered market since 1939' with neither the possibility of competition with imports nor the permission to buy freely modern machines or import adequate technology. India has thus become a soft country depending on 'perpetual help' and has led to the adoption of 'inefficient methods of production'. Instead of borrowing permission should be given to those with resources to invest in India so that India can acquire modern technology and more resources and if there is any need to borrow it should be on a commercial basis. 'We should think in terms of trade, rather than aid'.⁶⁵

In the same session G.D. Birla observed that there had been no progress in the past seven years as there had been little substantial investment. He advised his fellow capitalists not to prevent competition from abroad for India had a good home market and resources, so 'let us stand on our own legs'.⁶⁶

Reacting to the Janata Government's promise of full employment in ten years, FICCI too called for the use of labour intensive technology and the expedition of mass consumer goods production. But when the Government decided to reserve all future expansion of sugar in khandsari units, B.P. Poddar in his Presidential address to FICCI registered his protest by saying that employment priorities must not mean going back to primitive, uneconomic technology simply because it was labour intensive.⁶⁷ Regarding full employment in ten years, FICCI in a resolution envisaged its achievement mainly in Agriculture, transport and housing apart from small and large industries.⁶⁸

Continuing its demand for greater freedom for private enterprise, Hari Shankar Singhania blamed the industrial policy for having 'spawned rigidities and stifled initiative'.⁶⁹ The 14 member committee of industrialists appointed by the Ministry of Industry to review and suggest improvements in procedure for granting industrial approvals made the following recommendations :

- i) Industrial licensing must not be used as a multipurpose mechanism for achieving socio-economic goals.
- ii) System of industrial licensing which divides into boxes is not conducive to industrial growth and has to be discarded.
- iii) It is necessary to induct into the Industrial Licensing System a mechanism for continuously updating after every three-year period the cut-off points into which the various boxes of industries are currently divided.
- iv) Delicense core sector of industry.
- v) Exempt industrial licensing upto 15 crores assets.
- vi) There should be automatic annual growth of 5% or 30% in five years.⁷⁰

Public Sector : After sharp differences within the Indian capitalist class over the public sector, at the time of the Bombay Plan the entire class had come to accept the important role of the state both in the ownership of certain key sectors and in state control over the economy. However, after independence during the time of the Second Plan again the conservative sections of the bourgeoisie came to oppose Nehru's emphasis on the public sector. Soon the benefits of the public sector and Nehru's rhetoric became clear to the conservative capitalists. The onset of stagnation, in the mid-60s marked the end of a period of a relatively comfortable economic situation and again brought into open the issue of the public sector.

At the annual session of FICCI in 1965 Babubhai Chinai, known for his conservative views and his close connection with the right wing of the Congress (especially, SK Patil), moved a resolution asking government to concentrate on infrastructure — power, irrigation, railways, roads and technical education. And the rest of the economy should be left to private initiative. He further said there should be utmost economy in all public expenditure.⁷¹ In the same session Ramanbhai Amin of the Federation of Gujrat Mills and Industries, Baroda said there should be no further

expansion of the public sector till existing enterprises, were consolidated and made profitable through the forces of competition and the market mechanism.⁷²

In the 1966 session, the public sector came under attack from leading industrialists for excessive investments and its spread into different sectors of the economy. LN Birla blamed investments in the public sector for economic instability and inflation. Bharat Ram questioned the need for reserving certain sectors entirely in the public sector. And SP Godrej wanted the public sector to be restricted to the infrastructure, but was against Government's starting of industries in the public sector where the private sector could do the same in a better way. He also suggested the curtailment of government expenditure.⁷³

Again in "Guidelines for the Fourth Plan" (FICCI, n.c.) it was suggested that the public sector being less productive, government should not invest more in new industrial and commercial enterprises (p.19). In a Press Statement in 1967, FICCI came out against the proposed nationalisation of general insurance and state trading in foodgrains, It however maintained that the government should have a role in food distribution and should maintain buffer stocks to eliminate fluctuations in prices.⁷⁴

In the mid-60s the consensus was that government should concentrate its efforts on sectors which provide complementary services like power and transport and expansion of output of raw materials like cotton and jute. The rest should be left to private initiative.⁷⁵ And as soon as the economy was even partially recovering from the bad years of 1966-67, GM Modi, President of FICCI in 1969 in fact clearly recognised that for expansion of economic activity, Government has to increase expenditure on infrastructure — electricity, transport, communications etc.⁷⁶

The shifts and emphasis of the bourgeoisie's attitude towards the public sector has to be viewed within the broader basic agreement which was clearly spelt out by LN Birla in his presidential address to FICCI thus : "I advance the view here without any hesitation that there need be no inherent conflict between public and private sector enterprises. This is the time for cooperation." He only added that the "Public Sector has to run more efficiently."⁷⁷ Also Bharat Ram at the Asian Conference of

Chambers of Commerce said that state intervention should be limited only to the extent that it stimulates private enterprise and helps achieve commonly accepted goals. There should be no objection to state intervention when it supplements private enterprise. The state had much to do by way of building up the infrastructure of the economy.⁷⁸ Or as SS Kanoria in the International Chamber of Commerce said, public investments were necessary for growth and government intervention was desirable to attract investment in areas with lower profits but vital to the country's needs.⁷⁹ More succinctly, Harish Mahindra, President of FICCI put it thus : "Laissez faire by and large is dead as a dodo".⁸⁰

There is, however, no reason to believe that the entire capitalist class had an unanimous position, for we have the testimony of B. Gulabchand (Engineering Association of India) that the private sector should not grudge competition from the public sector even in consumer goods.⁸¹ Again on the question of bank nationalization, there were sharp differences within FICCI which led to the resignation of Babubhai Chinai and some other Bombay businessmen from the Committee of FICCI when it refused to openly condemn the Government.⁸²

In 1971 Mrs. Gandhi came back to power with a massive majority and with a mandate for radical social change for the establishment of "socialism". In the context of Congress politics such radicalism means increased state intervention and control and generally a larger autonomy for the state from the bourgeoisie. And since 1971 there were a series of nationalizations and take-overs. There was an element of arbitrariness in the actions of the state which made the capitalists uncomfortable. In the 1973 Annual Session of FICCI the then President Madanmohan Malgaldas said Government should clearly define the areas for the operation of public, joint and private sectors. Making a distinction between growth of new public sector enterprises and nationalisation, he said, "The former may be necessary and even desirable, and the latter is in most cases superfluous and self-defeating". He also opposed the take-over of wholesale trade in foodgrains. Regarding random extensions of state activity, he said, "We have reached a state, I think when diminishing returns may set in, even politically". Before nationalisation there should be a proper cost-benefit analysis.⁸³ This shows that the capitalists are very much aware of not only the economic reasons of nationalisation, but also the political ones.

In the same session, a resolution was passed on Nationalization and Industrial Development expressing serious concern over the instability of Government's policy and the spate of nationalizations since 1971. FICCI reiterated its accord with the Government of India's Industrial Policy Resolution of 1956. It further resolved that there should be (a) clear cut guidelines regarding grounds on which and areas of industry in which nationalisation may be considered; (b) before nationalisation or takeover, the matter should be referred to an independent investigating body; and (c) investors should be assured of fair and equitable compensation.⁸⁴

The chambers of commerce's deliberations and correspondence are replete with charges of inefficiency and losses of the public sector. In a luncheon speech at the 1979 session of FICCI, Ghanshyam Das Birla, the doyen of the Indian capitalist class, who had all along been very close to the Congress and had restrained his fellow capitalists not to openly attack and oppose state policies, made a hard-hitting attack on the public sector. He said that if businessmen sold adulterated goods they were hauled up in courts, but if the public sector did it one could not go to the courts. And if one went to court protesting against coal mines sending stones instead of coal, future coal supplies to that person would be stopped. "So although there is no MISA, I am shivering all the time and we have to". The only remedy to huge losses in the public sector was "For God's sake cry a halt. No more taking over."⁸⁵

During the Janata regime a proposal was made to nationalise TISCO, and this led to the personal intervention of JRD Tata who in a letter to the members of the Janata National Executive asked them not to take such a decision.⁸⁶

Increasingly, we find, therefore, the bourgeoisie taking a stiff stand on nationalization and the continued growth of the public sector, all of which it was said was draining away the huge resources of the country.

Agrarian Strategy: The importance of the relationship between industry and agriculture for growth and accumulation has been emphasised by economists. In the following paragraphs we will try to explore the agrarian strategy which the bourgeoisie wanted the state to pursue since the mid-sixties. During the first three Five Year Plans, the state's agrarian

policy put more emphasis on land reforms, labour intensive cultivation etc., to achieve maximum increase in agricultural output to support rapid industrialization. However, as early as 1958 and the years from 1960-61 to 1963-64 clearly showed that the shortfalls in agricultural production would jeopardize the entire programme of industrial development.⁸⁷ Moreover, given the rural power structure, the state found itself by and large unable to implement this policy. This situation called for a shift in the state's policies by both the landed interests and the industrial bourgeoisie.

The social, political and economic consequences of food shortages and the uncertainty of PL-480 turned all attention towards agriculture. Industry soon realised how important was agricultural production for, according to FICCI's Sub-committee on Agriculture, the level of food production and surplus influence the wage bill and industrial costs.⁸⁸ It further said, "... social stability in urban and rural areas ... is so much dependent upon food availability at reasonable prices".⁸⁹ Thus at the 1965 Annual Session of FICCI a resolution was passed on the 'Approach to the Fourth Plan' which called for the highest priority to agricultural production.⁹⁰

The strength of the rural rich within the power bloc, compelled the bourgeoisie to be very pragmatic in its agrarian policy. It has questioned the policy of structural change in agriculture the returns from which is not even 'directly assessable' in place of introduction of physical inputs which show quicker returns. According to FICCI this choice is important because of limited resources and because the capacity of the administrative machinery had to be conserved for the best use; it would not be 'prudent to achieve all objects simultaneously!'⁹¹ Thus we find that the capitalists are well aware of the weakness of their class strength and of the state to achieve radical changes in agriculture.

The Agriculture Sub-committee of FICCI in its recommendations has said that if productivity was to be increased, the unit of production must be viable, so that large and well managed farms producing cash crops and slow maturing capital-intensive schemes should be exempted from the purview of land ceilings legislation. 'Ideological considerations' must not stand in the way of increasing production. There must be greater input of fertilisers and larger outlays on such inputs since domestic fertiliser

production will not be sufficient, imports should receive high priority. Regarding procurement and distribution of food grains, it is better to impose a gradual levy than have monopoly procurement, and procurement prices must be reasonable. Normal trade channels should be used.⁹²

In the same year a resolution was passed in FICCI to the same effect which also underlined the role of industry in agricultural development. It wanted the Government to allow joint stock companies to operate in cultivable waste land and also in areas newly brought under cultivation. Industry should engage in seed farming, and set up demonstration farms. If 'rationing' is a must there should be a graded levy on the producer and the farmer should sell the balance in the open market. There should be no zonal, inter-state and intra-state restrictions or movements of foodgrains. To encourage use of improved inputs, if necessary, these should be supplied to farmers at subsidised prices.⁹³

In the discussions which followed the resolution, HP Nanda of Escorts Ltd. — producer of tractors and other agricultural implements — was more forthright in his demands, in keeping naturally, with his own specific economic interests. He said that the greatest impediment standing in the way of improvement of agriculture was the ideological and dogmatic attitude of government in matters of land reforms and land ceilings policy. In marked contrast to the general attitude of the capitalist class towards taxing rural incomes, Nanda expressed concern over Government's intention to levy 'stiff agricultural tax on large farms'. He said if agriculture was properly mechanised and industrialised, production could be substantially raised, as has been proved by a number of mechanised farms managed and operated by joint stock companies. Thus large farms of 3000 to 5000 acres should be allowed to be operated by joint stock companies on modern lines and if outright ownership was not permitted, at least a scheme of leasing land for long periods should be permitted.⁹⁴

In a publication entitled 'Guidelines for the Fourth Plan', FICCI reiterated that the failure to achieve self-sufficiency in food has impeded growth in all sectors. It wanted a new agrarian strategy involving (a) extensive use of HYVs and research, (b) a network of tube-wells to be built with necessary subsidy to farmers, (c) production of fertilisers, pesticides, agricultural implements and machinery, and (d) storage capacity.⁹⁵

It also argued that since the productivity of investment in agriculture is higher, there should be a larger proportion of the outlay on agriculture, including a larger outlay on the industrial sector producing inputs for Agriculture. The reason obviously, as the bourgeoisie too understood, was that the increase in agricultural income would generate more demand for consumer goods.⁹⁶

The recession in Indian industry in the mid-60s led the bourgeoisie to look for a new market in the rural areas through the implementation of the New Agricultural Strategy involving a market for consumer goods and also for modern inputs for agriculture. The resulting increase in food-grains would itself remove one of the causes of the recession. Thus we find Ramanbhai Amin, President of FICCI, writing to the Prime Minister that all agricultural input industries should be delicensed and special incentives should be given including tax concessions,⁹⁷ In the same year he wrote to the Finance Minister that modern marketing techniques should be developed and taken to the remotest corners of the country.⁹⁸ In his Presidential address to FICCI he put it more altruistically by saying that industry was becoming increasingly aware of its 'responsibilities' to agriculture. It was becoming more agro-based and was providing inputs to farmers.⁹⁹

Today the issue of agricultural prices is a bone of contention between industry and agriculture. But it was not so around the time of the green revolution. At a seminar organised by FICCI on "Economic Growth through Agricultural and Industrial Interdependence", it was concluded that large fluctuations in agricultural prices was not in the interest of increasing production. A proper price policy had to be evolved to give enough inducement to farmers to plan production over a period of years, taking into account the prices of inputs, governmental levies etc. There should also be some relationship between the prices of different types of foodgrains and also between the prices of foodgrains and of commercial crops. For stability in prices, adequate buffer stocks should also be built.¹⁰⁰

FICCI in a resolution on Agricultural Development wanted the application of the methods of modern industry to agriculture. Government should associate representatives of industry in all programmes of agricultural development. More credit should be provided to farmers.

The farms should be of economic size so that investments do not go waste, but present land ceiling legislation acts as a barrier. When land reforms have failed to achieve either production or distribution goals, land ceiling laws should be replaced by legislation against fragmentation of holdings. Thus it was necessary to review inheritance laws pertaining to land.¹⁰¹

As soon as money incomes started accruing to the rich farmers as a result of the new agrarian strategy, the industrialists were eager to grab the opportunities. Bharat Ram said that additional money in the rural sector should be "mopped up" for productive use.¹⁰² LN Birla in his presidential address to FICCI said that the further monetisation of the rural sector, without which rural savings could not be mobilised effectively by the banks, could be brought about only if the farmer was taught and trained to sell his produce for cash with which to buy more and more consumer goods manufactured by industry.¹⁰³ GM Modi wanted adequate banking and postal saving facilities to absorb and mobilise rural savings. He also wanted the extension of the green revolution to cash crops, so that agro-industries get assured supplies of raw materials.¹⁰⁴

Regarding the direct taxation of agricultural income, the bourgeoisie's attitude has been rather cautious and divided. Generally, when the industrialists are speaking as a collective body, especially in an official capacity, they seem to want only the mobilisation of rural savings through banks etc. or through selling industrial securities and shares. BM Chinai summed up this position by saying that growing prosperity in rural areas would have to be harnessed not so much by taxation but through an imaginative market policy by industry and by the extension of banking services.¹⁰⁵ Nonetheless, he welcomed the imposition of a wealth tax on agriculture.¹⁰⁶

On the other hand, we find PV Gandhi (IMC), while moving a resolution on Finance for Development, saying that agricultural incomes should be taxed.¹⁰⁷ Again VB Haribhakti, the President of Indian Merchants Chamber, said that direct taxation should be broadbased for the mobilisation of resources from agriculture. He suggested that the Constitution should be amended to provide for uniform direct taxation by the Centre of all incomes including agriculture. The states could be persuaded to introduce such a scheme by providing that the entire additional revenue derived from the taxation of

/ admitted that the reluctance of the Government agriculture be passed on to the states. He candidly to tax rich farmers stems from political considerations and the influence of the farm lobby on the powers that be.¹⁰⁸

Astute as the Indian bourgeoisie is, it knows that any revolutionary change in rural society would give rise to new forces and processes which would transcend the bounds of bourgeois property relations itself. Thus it maintains, "Any overall change in the structure of agricultural organisation may be too difficult or drastic in view of the social considerations involved".¹⁰⁹ It is also aware of the political strength of the rural rich. These considerations have basically determined its agrarian strategy, which is essentially one of imposing capitalism from above by providing various incentives to the rural rich to produce more for the market. Of course, this does not mean the elimination of contradictions between the two. On the other hand, they have often been locked in battle, each trying to gain a greater share of state power. For example, no less a person than KK Birla in his presidential address to FICCI in 1975, said that states as a whole have been rather slow in imparting a "real dynamism" to agriculture. The Centre should therefore take more responsibility in agriculture and also in irrigation and power.¹¹⁰ During the Emergency an abortive move was made to bring agriculture into the Union list from the State List. During the same period the bourgeoisie also wanted the creation of a secure rural tenancy and a base of productive small farmers by means of tenancy reforms.¹¹¹

The fall of the Emergency regime saw the industrialists go back to their old strategy. They reiterated the importance of agricultural development or integrated rural development as they called it. It essentially entailed the extension and intensification of the green revolution strategy. The bourgeoisie as a class clearly understood the importance of agricultural development for the creation of a market in rural India as well as for the supply of raw materials and cheap food to the urban population. It was thus appreciative of the Janata Government's new emphasis on rural development, but at the same time warned them that it was not a "substitute for industrialisation".¹¹² Learning its lessons from the green revolution, the bourgeoisie now also wanted provision of gainful employment, development, of small scale and village industries, "appropriate" and labour intensive technology and development of infrastructural facilities in rural areas.¹¹³

Industry now urgently felt the "great prospects the very process of rural development itself could throw up for industrial growth made the need for rural development imperative and unequivocal."¹¹⁴

Though as a class the capitalist' objective interest is to further rural development and ensure the farmer a reasonable return, given the existing resource position conflicts are inevitable. Thus sections of the bourgeoisie who basically process agricultural raw materials like cotton, sugar or jute want to buy their goods from the farmers cheap. And the entire bourgeoisie wants food prices to be low, as this keeps the industrial wage low and ensures industrial peace too. This situation has given rise to a serious conflict between the two classes, having far-reaching economic and political consequences.¹¹⁵ Nonetheless, it is unlikely, that the bourgeoisie would take the conflict to such a level, that the fundamental alliance between the two breaks down.

III

Bourgeois Hegemony And the State

The mid-sixties marked the beginning of an open conflict between the bourgeoisie and the state. In such an atmosphere the 1967 elections was held. The bourgeoisie wanted to send more of its own members to Parliament and FICCI mooted a proposal to get 100 businessmen elected. This, however, fell through. Nevertheless, the opposition parties, mainly the Swatantra and Jan Sangh, were given liberal funds and a substantial amount was given to influential conservative individual leaders in the Congress rather than to the central leadership.¹¹⁶ The general dissatisfaction with Congress rule coincided with the bourgeoisies' own views and as a result in 1967 the Congress came back to power with a reduced majority and lost in eight states. Excepting West Bengal and Kerala where a left-led coalition had come to power in the others the Swatantra, Jan Sangh and regional political groups including the Socialists emerged powerful. Not only did the state become much weaker, there was a concomitant rise to political prominence of the regional bourgeoisie, the rural rich, the petty bourgeoisie and a rapid growth of peoples' movements all over the country. Though the Swatantra and other pro-capitalist elements became more powerful, the big bourgeoisie as a whole, found itself helpless and

threatened by the release of powerful political forces which had hitherto been contained by the stranglehold of the Congress over the polity which had given rise to a strong state. The militant peoples' movement in different parts of the country, especially where it was led by the left forces and which transcended the bounds of bourgeois legality, were a major threat to the capitalists. FICCI resolved that the government should start an all-out effort to 'restore confidence in and respect for the rule of law' and to put down 'lawlessness' with a 'heavy hand'.¹¹⁷ Earlier in a press statement, signed by the entire top leadership of the business community in India, including representatives of foreign capital, deep concern was expressed over the 'destruction of property, violence, arson and murder' -- which was how the bourgeoisie chose to describe the militant people's movement. They wanted it to be "curbed by strong government action".¹¹⁸ L.N. Birla characterised 'gheraos' -- then a popular means of working class struggle -- as the "most reprehensible mode of labour demonstration".¹¹⁹ A month later he again wrote to the Home Minister saying, "I won't burden you with the numerous instances particularly in West Bengal, where Nazalism is being repeated in many districts". He further added that "firm measures ought to be taken even against recalcitrant state government".¹²⁰ He of course had the left-led United Front Government in West Bengal in mind.

The hegemony of the big bourgeoisie was challenged from two quarters -- from the non-hegemonic classes/fractions of the power bloc and from the workers, peasants and the petty bourgeoisie.¹²¹ Faced with this challenge it again realised the importance of political stability, a strong centre and the need to put an end to the 'unstable and fluid' political situation in some of the states.¹²²

The power of the regional bourgeoisie and the rural rich and also of the left were mainly manifested at the state level and these forces further wanted to wrest greater powers from the centre.¹²³ The big bourgeoisie in order to counter this trend, wanted greater centralisation. FICCI in 1969 passed a resolution expressing concern over the 'divisive trends' in the country which political parties are not unwilling to use for their own ends at the expense of national unity. The highly political "sons of the soil" movement was receiving open support from some authorities. There was a dangerous trend in the purchase policy of practically all state governments

whereby by executive decisions they accorded preference to units, both large and small, located within the state. The narrow and parochial attitudes of state governments was against the very spirit of the Constitution. The resolution further said that "The Federation wants to reiterate that ~~business~~ by its very nature knows no frontiers. As such, its interest in the integrity of the country is deep and vital."¹²⁴ Moving the resolution, S.L. Kirloskar said that some major constitutional and administrative decisions had proved to be wrong. The first was providing India a federal constitution and the second was reorganising the federating units into linguistic states. This had resulted in provincialism in its most ugly form viz., "jingoism."¹²⁵

Regarding the challenge from the left, especially in West Bengal, the bourgeoisie expressed grave concern. Rai Bahadur G.M. Modi in his presidential address to FICCI in 1969 said :

"I would be failing in my duty if I do not express the anxiety which industry and trade feel in West Bengal. The memories of the last United Front Ministry are still fresh in our minds. Gheraos, strikes, lawlessness and social unrest made life difficult. They made a mockery of our democratic institutions and traditions"¹²⁶

Such anxiety was expressed continuously by the capitalists till 1972 when S.S. Kanoria the then President of FICCI said West Bengal which had suffered "political instability and industrial stagnation, can now look forward to economic growth."¹²⁷

The big bourgeoisie began to find the parliamentary system of government unsuitable for the continual exercise of its hegemony within the power bloc and also over the people. Parliament, and also the various state governments and legislatures, were coming to be increasingly dominated by the representatives of the non-hegemonic classes and fractions of the power bloc and in the case of West Bengal and Kerala the people. As a result, the big bourgeoisie wanted its replacement by a more stable and strong form of government which would enable it to exercise its class power more unambiguously. J.R.D. Tata said, "the British parliamentary system of government is unsuited to conditions in our country"¹²⁸ He

suggested a federal, presidential form of government where a chief executive elected for a fixed term would be "irremovable and free to govern through cabinets of experts who may, but need not include professional politicians."¹²⁹ Tata and his close associates have since then repeated this demand.

According to Kochanek, the Tata critique was endorsed by a majority of the business leaders he had interviewed in 1967.¹³⁰ A substantial number valued efficiency so highly that they rejected all forms of democratic government in favour of some form of dictatorship or military rule.¹³¹ Those in favour of the present system were clearly in a minority and they tended to be concentrated in sections of the traditionally pro-Congress Marwari capitalists. According to them, only the parliamentary system could keep the country united and the government responsive. The present system provided a platform for everyone while ensuring that the power of the Prime Minister was held in check by 500 MPs and by party opinion. A presidential system would lead to a dictatorship which in turn would result in either disintegration of the country or in a communist takeover. Recalling the pulling down of the United Front government in West Bengal, a pro-system businessmen said, "To install a government for five years without being able to get at it would be a mistake and would lead to a dangerous situation."¹³²

In this critical situation in 1967 the initial attitude of the state was rather conciliatory towards the bourgeoisie. Actually there was a confusion and division within the entire political system about how to overcome the challenge to the hegemony of the big bourgeoisie. The Congress itself was divided between a so-called left wing and a right wing on how to deal with the emergent situation. The former stressed the need for a reformist strategy with some concessions to the non-hegemonic classes and the people and with a greater autonomy for the state. And the latter were very close to the capitalists' own prescriptions. It was Mrs. Gandhi's reformist strategy, suitably cloaked in radical rhetoric, which was responsible for bringing back political stability and overcoming the challenge to bourgeois hegemony. With the split of the Congress in 1969 and Mrs. Gandhi's policies of bank nationalisation, abolition of privy purses, some antimonopoly measures like the MRTP Act, the 1970 Industrial Licensing Policy and the abolition of the Managing Agency system, and her general appeal of Garibi Hatao, no doubt created fear and uncertainty among large sections of the

big bourgeoisie initially. She tried to convince big business of the need to take reformist measures, which policy-wise might not accord with conventional bourgeois wisdom. In her address to FICCI she pointed out :

"Society is characterised by a stirring consciousness that richness and poverty are not God's creation but man's. There is a restlessness of spirit a revolt against unimplemented declarations, against hypocrisy and cant Are we, who work in the political field or, you, who work in the field of commerce and industry, capable of responding to this mood of the people ? and to wait for the satisfaction of human needs in God's good time, is not an answer to the problems which confront us."¹³³

She further said,

[Regarding] "..... the contrast between the rich and the poor in our country. This situation is made more acute because we have chosen the democratic system which gives both room for ventilating of difficulties, of grievances, of inequalities which encourages social urges to come to the surface. And [she warned] at the same time gives opportunity for the exploitation of these grievances if they are not dealt with in time."¹³⁴

In the next year she again said,

"In all modern societies, a balance has to be maintained between the interests of workers and consumers on the one hand, and the owners of capital on the other We must either accept the fact that there are conflicting interests which must be reconciled in a spirit of goodwill or else we allow confrontation and conflict, which could generate into chaos"¹³⁵

These long quotations are just to show the deep sense of reality which Mrs. Gandhi showed. She understood fully the pressure of the people from below and of the need to give some concession to them in order to contain these pressures within the existing order. However, the bourgeoisie was not yet convinced of her strategy. So in her bid to force the

bourgeoisie to accept the option chosen by her, and which objectively was in the best interests of the bourgeoisie (provided, of course, it succeeded) she mobilised the non-monopoly bourgeoisie, the petty bourgeoisie and also the people in her struggle against the conservative options of the 'right wing'. In fact in her important political battles, she had large sections even of the organised left on her side.

In the crucial 1971 mid-term elections, Mrs. Gandhi, whose leadership was yet to be accepted by important sections of big business, emerged overwhelmingly victorious with the support of the people. Firm government and political stability was re-established and her policies soon revealed its true colours to the big bourgeoisie and after some time to the people too. The President of FICCI in 1971 said :

"It is a great tribute to your sagacity and insight that you should be able to so accurately judge the pulse of the nation and take the stand which you have done in respect of the various issues and the remedies the country wants in the present context of things."¹³⁶

The bourgeoisie now had even come to clearly understand the rhetoric of the politicians. D.C. Kothari, the outgoing President of FICCI, said the business community should be more dynamic and constructive and despite the fact that the country had "avowed socialistic objectives", nothing could stop FICCI from getting into a larger stature. He quite correctly understood "that whatever may be the declared socialist objectives of this country, our own objective as business people, and the objectives of our politicians are the same, namely, we want the economic betterment of our country."¹³⁷

In the same session, Bharat Ram too underlined the need of the capitalists to change their attitude towards the state. He said :

"It strikes me that if we take the trouble to accept the essence or core of any proposed regulatory or social legislation as the starting point for discussion, the entire framework of legislation can be made different and hopefully, more sensible an approach that is excessively concerned with immediate disabilities will soon lose the capacity to grapple with the more extended bearings of things."

"The society is changing rapidly, people are in a search of new priorities In early times, changes could be made leisurely without much protest. To expect that the same attitude will be shown now-a-days is to expect too much. There are already quite a few warning signals, and it is extremely unwise to ignore them."¹³⁸

However, given the structure of Indian society and economy, political stability achieved by Mrs. Gandhi proved very fragile as having roused the expectations of the people, she was unable to offer them anything tangible. Moreover, economic difficulties and uncontrolled inflation since 1973 again posed a political challenge to Mrs. Gandhi's stable political rule. Since around 1974 there were mass movements in different parts of the country, particularly in Gujerat and Bihar, generally led by an eclectic, populist leadership, mainly right-wing including also the Socialists. The massive railway strike in May 1974 was, however, savagely crushed by the state. Given this background of the J.P.-led mass movement and deep disillusionment with Mrs. Gandhi's rule and her promises amongst the people and the impending general elections in 1976, it was however a conjunctural crisis in the form of an adverse High Court ruling unseating Mrs. Gandhi, which led her to impose an internal emergency in June 1975. In the Indian political system, it is the office of the Prime Minister and often the person too, which crystallises the dominance of the hegemonic fraction of the power bloc. The uncertainty of the situation posed a threat to big bourgeois hegemony which could have easily turned into a hegemonic crisis especially with the demand by the opposition to resort to civil disobedience to press her resignation and also pressure within the Congress party itself for Mrs. Gandhi's stepping down.¹³⁹ Big business organised around FICCI urged her not to resign for they feared it would lead to an uncertain and chaotic situation. In a delegation led by Vice President M.V. Arunachalam, including Babubhai Chinai, Shriyans Prasad Jain, K.P. Goerka (not Ram Nath Goenka of Indian Express), Ramnath A. Poddar, Charat Ram, K.K. Birla, K.N. Modi and Harishankar Singhania, which called on Mrs. Gandhi assured her of its full confidence in her leadership.¹⁴⁰ The next day, in an unprecedented move, K.K. Birla led a procession of 500 businessmen belonging to the industrial and trade associations of the Delhi regions to the Prime Minister's house and pleaded with her not to relinquish office as her leadership was indispensable.¹⁴¹

Three days later, Mrs. Gandhi clamped an internal emergency which virtually led to concentration of all powers in her hands and a naked dictatorship. The next day she assured the bourgeoisie that she had no plans to nationalise industries or to impose any new controls.¹⁴² In fact we had earlier seen that she took a series of policy measures to liberalize the economy further and to give a free hand to big business. The political stability and industrial peace was welcomed by big business. K.K. Birla hailed the "imaginative leadership" of the country and the Prime Minister for resolving the apparently intractable problem of Kashmir, for providing an answer to the Gujrat election issue and the "democratic struggle" in Sikkim.¹⁴³

However the bonapartist emergency regime of Mrs. Gandhi and her son, created dissatisfaction among some sections of the power bloc itself especially the regional and trading capitalists and the rural rich. The regime's arbitrary use of powers and the closeness of Sanjay Gandhi with the Birlas, especially K.K., violated even bourgeois norms of fairness. Sanjay even offered K.K. Birla a berth in the Planning Commission.¹⁴⁴ Even J.R.D. Tata towards the end of the emergency said the "results achieved upto now justify the action taken,¹⁴⁵ meaning the suppression of democratic rights.

The emergency regime particularly antagonised the smaller commercial bourgeoisie, the regional bourgeoisie and the rural rich. The large and small traders resented the powerful pressure of the state on blackmarkoting, speculation, smuggling and the price controls. The extreme centralisation of power found the non-monopoly bourgeoisie almost helpless at the state level. The arbitrariness of the regime and the association of a bunch of absolutely unscrupulous businessmen with Sanjay Gandhi further alienated some. The sections of the bourgeoisie who were already politically unhappy with Mrs. Gandhi's policies were further alienated by this open dictatorship. N.A. Palkivala, known for his extreme right views, and a top Tata director, who was arguing on behalf of Mrs. Gandhi in the Supreme Court, withdrew as counsel immediately after the emergency, obviously as a mark of protest.¹⁴⁶ Viren Shah, a Gujerati capitalist and Ramnath Goenka of the Express Group openly opposed the regime. The social base of the emergency regime became extremely narrowed.

In a bid to legitimise her dictatorship, Mrs. Gandhi announced general elections where the people's protest and the general dissatisfaction even within sections of the power bloc were expressed in the form of the routing of the Congress especially in northern India. Indian politics turned full circle -- it was almost a return to the mid-60s situation, except that the Congress was defeated even in the Centre and the opposition was temporarily united under a single party. The opposition was more an alliance of the several classes and fractions of the power bloc with each of them maintaining a distinct identity which resulted in a deep conflict among the ruling classes each jockeying for greater power. The hegemony of the big bourgeoisie was thus weakened by this challenge and very soon the rich peasants emerged as an organised political contender for hegemony within the state which became ultimately reflected in Charan Singh's bid for prime ministership in 1979, albeit with the support of the other sections of the ruling alliance as well as of the left forces. ¹⁴⁷

Again the big bourgeoisie faced a challenge to its hegemony from the rural rich and the regional bourgeoisie and from the peoples forces. For with the lifting of emergency again, peoples' struggles ~~in the form of left governments in these states~~ and militant working class and peasant struggles in different parts of the country threatened bourgeois rule. B.P. Poddar in his presidential address to FICCI in 1978 expressed his anxiety over the "undesirable and dangerous pressures that are mounting in our body politic". He was particularly anguished over the "general theory of conflict" that was being voiced on the 'centre-state relations' and the 'special pleadings for one section or the other', by which he meant the rich peasants' bid for greater control over state power through the policy of reservation of backward classes mainly the middle-caste rich peasants. ¹⁴⁸ In the same session a resolution was passed asking the government to take strict measures against "indiscipline and use of coercive methods by organised labour unions". ¹⁴⁹

Reflecting on the Janata party's populist promises, Charat Ram reiterated the monopolists' demand for a strong state for the unconstrained exercise of their power for capitalist accumulation, when he blamed the states' lack of courage to choose unpopular courses and make hard decisions. In the next session of FICCI held in 1979, the same fears of politicised, militant trade union struggles were again expressed. G.D. Birla, who was

then eighty-five, in an otherwise extremely critical speech, praised the Janata Government for restoring democracy. He said, "That is a great achievement".¹⁵¹ He compared the last days of the Morarjee Desai government's free-for-all situation to Bahadur Shah's regime.¹⁵² The balance of class forces was in a stalemate within the Janata party framework, with the big bourgeoisie helpless. Under such a situation the rich peasantry made an abortive move for political hegemony.

Political instability and the crisis of bourgeois hegemony once again brought to the fore the question of stability and firm government and Mrs. Gandhi then promised a Government which would work ! But inspite of her massive majority, her unquestioned leadership, the draconian laws like National Security Act, Essential Services Maintenance Act etc. and the series of relaxations and liberalizations in the industrial field, including the IMF loan and its pro-business conditionalities, her government has hardly kept its promise.

The recurrent crisis in the Indian economy and polity since the mid-60s, has today climaxed into an all round crisis of the entire system. Given the balance of class forces in the existing state structure, Mrs. Gandhi, inspite of her apparent strength, is really helpless. Thus for economic growth the option before the bourgeoisie is a change in the state structure leading to concentration and centralisation of power in the hands of the chief executive with the emasculation of Parliament with perhaps the "election"(?) of Mrs. Gandhi as the President for life and periodic elections to an impotent Parliament for legitimising the system. It is only possible for such a powerful bonapartist state to subjugate both the people and the rural rich to step up the surplus appropriation and to transfer resources from agriculture to industry. The IMF loan and the greater dependence on imperialism would also strengthen this tendency, because of the external support the bourgeoisie would get for the strong state. It could also imply a shift from the relatively independent heavy industry strategy of the Indian bourgeoisie to a more docile consumer-goods light industry strategy.¹⁵³ The increasing talk about changing over to a presidential form of government, the economic liberalizations and the draconian laws makes this an important tendency. Ultimately the choice of an option is a political act and the political leadership might have different priorities. Or it might just let the system drift. The people might intervene and change the system. There could be social democracy. We are not attempting the impossible, that is, making predictions, but are barely trying to discern the different tendencies

Abbreviations

FICCI	:	Federation of Indian Chambers of Commerce and Industry, New Delhi.
ASP	:	Proceedings of the Annual Session.
ICD	:	Important Correspondence and Documents.
IMC	:	Indian Merchants Chamber, Bombay.
BCCI	:	Bengal Chamber of Commerce and Industry, Calcutta.
ICC	:	Indian capitalist class.
IMC	:	Indian Merchants Chamber, Bombay.
PC	:	Planning Commission.
NDC	:	National Development Council.
CM	:	Chief Minister.
PM	:	Prime Minister.
MP	:	Member of Parliament.
ARC	:	Administrative Reforms Commission.
M RTP	:	Monopolies and Restrictive Trade Practices Act.
CACI	:	Central Advisory Council for Industries.

FOOTNOTES:

1. For a thorough treatment of Marx-Engels writings on the state see H. Draper : Karl Marx's Theory of Revolution : State and Bureaucracy (Monthly Review Press, New York & London, 1977). Recent scholars would include, Poulantzas, Miliband, The German School etc.
2. M. Kalecki : Social and Economic Aspects of 'Intermediate Regimes' in his Selected Essays on The Economic Growth of the Socialist and the Mixed Economy, Cambridge University Press, 1972. See also K.N. Raj : The Politics and Economics of Intermediate Regimes, R.R. Kalo Memorial Lecture, Orient Longman, 1973.
For non-capitalist path see R. Ulyonovsky and V. Pavlov : Asian Dilemma, Progress, Moscow, 1975 esp. pp.215-236.
3. For a critique of communist theorisation on these questions during the Nehru era see S. Kaviraj : "The Apparent Paradoxes of Jawaharlal Nehru" (Mimeo, Later serialised in Mainstream, Nov.-Dec., 1980).
4. Ajoy Kumar Ghosh : The Indian Bourgeoisie (1955) in Articles and Speeches, Publishing House for Oriental Literature, Moscow, 1962; for Caesarism see Asok Sen : Bureaucracy and Social Hegemony in Barun De (ed.) Essays in Honour of Prof. S.C. Sarkar PPH, New Delhi, 1976, Partha Chatterjee & Arup Mallik : Democracy & Bourgeois Reaction : Some Notes on the Indian Situation (Mimeo) (Bengali Version in Anya Arthe, May 1975) and Ajit Roy : Political Power in India, Naya Prakash, Calcutta, 1975, pp.IX-XI. In his later writings he calls it bonapartism. And also Partha Chatterjee : "Stability and Change in the Indian Political System" (Mimeo).
5. The concept of hegemony is applied only to the political practices of the dominant classes. It indicates 1) how in their relation to the state the political interests of these classes are constituted as representatives of the general interest of the body politic and 2) how the capitalist state and the class struggle make it possible for a power bloc to function. Among these dominant classes one of them holds a particular dominant role, which can be characterised as a hegemonic role. The power bloc indicates the particular contradictory unity of the politically dominant classes or fractions as related to a particular form of the capitalist state. See N. Poulantzas : Political Power and Social Classes, NLB and S & W, London, 1973, pp.137-142 & 229-245.
6. For the bourgeoisie's relationship with the national movement see Bipan Chandra : Jawaharlal Nehru and the capitalist class, 1936 and The Indian Capitalist Class and Imperialism before 1947 in his Nationalism and Colonialism in Modern India, Orient Longman, New Delhi, 1981; Rajat Ray : Industrialization in India, OUP, Delhi, 1979, ch.6; Sumit Sarkar : "The Logic of Gandhian Nationalism : Civil Disobedience and the Gandhi - Irwin Pact (1930-31)" in Indian Historical Review III : 1, July 1976.
7. FICCI : ASP 1965, p.56.
8. Government and Business : Text of Speeches delivered by G.D. Birla et.al. at the Indian Chamber of Commerce, Calcutta, April 10, 1965, pp.8-9.
9. F.R. Frankel : India's Political Economy 1947-1977, OUP, Delhi, 1978, p.252.
10. Ibid. p.253.

11. Ibid. pp.254-5
12. Ibid. pp.255-6
13. Ibid. pp.268-9
14. Ibid. pp.301-3
15. Ibid. p. 307
16. Ibid. p. 309
17. Ibid. p. 313
18. Ibid. pp.326-7
19. Ibid. pp.327-8
20. Based on P.K. Ghosh : Government & Industry (Calcutta 1977), A. Dasgupta & N. Sengupta : Government & Business in India (Calcutta, 1981) S.L. Shetty : "Structural Retgression in the Indian Economy since the Mid-Sixties". EPW XIII : 6 & 7, Annual Number, 1978.
21. Shetty ibid., p.236.
22. Ibid. pp.198-201.
23. Ibid. pp.219-223.
24. Ibid. p. 225.
25. Ibid. p. 229.
26. Hindustan Standard, Calcutta, 25 March 1972 qu. in Ajit Roy : Monopoly Capitalism in India, Naya Prakash, Calcutta 1976, p.149.
27. F.R. Frankel : India's Green Revolution, OUP, Bombay, 1971, pp.5-6.
28. Shetty (1978) op.cit., p.225 and Frankel (1978) op.cit. p.325.
29. Frankel (1978) op.cit. p.505 & 511.
30. A. Mukherjee : "Indian Capitalist Class and Congress on National Planning and Public Sector, Economic and Political Weekly (EPW), Sep. 2, 1978.
31. FICCI : Fourth Plan - Better Performance or Bigger Size (1966), p.1.
32. FICCI : ICD 1965, pp. 49-51.
33. Frankel (1978), pp. 305-6.
34. Ibid. p.306.
35. FICCI : ASP 1966, p.7.
36. FICCI : Guidelines for Fourth Plan (n.d.) p.12.
37. Ibid. p. 27.
38. Fourth Plan : Better Performance or Bigger Size, 1966, p.6.
39. FICCI:Draft Fourth Plan -- An Appraisal, 1966, p.6.
40. FICCI : ASP 1965, pp.22-23.
41. FICCI : ASP 1967, p.3.
42. Ibid. p. 38

43. FICCI : Guidelines for the Fourth Plan, p.52 qu. in B.R. Nayar : "Business Attitudes toward Economic Planning in India", Asian Survey, 1971, XI : 9, p. 862.
44. FICCI : ASP 1976, p.4 & p.11 (for Ahmed's speech).
45. Ibid. p.11.
46. FICCI : ASP 1967, p.33.
47. FICCI : ASP 1965, p.24.
48. Ibid. p.17.
49. FICCI : ASP 1966, pp.39-40.
50. FICCI : ASP 1965, p.17.
51. FICCI : ICD 1966, pp.80-84.
52. Ibid. pp.178-9.
53. FICCI : ICD 1967, p.324.
54. FICCI : ICD 1968, pp.184-9.
55. FICCI : ICD 1967, p.255.
56. Ibid. p.263.
57. See FICCI : ASPs 1971, p.32; 1972, p.51 & 1973, p.41
58. FICCI : Towards Greater Self-Reliance : Background Paper, 1972, p.22.
59. Ibid. p.29.
60. FICCI : Planning for Results, 1972, p.6.
61. Bengal Chamber of Commerce & Industry, Report of the Committee of the BCCI, 1973, Vol. I.
62. FICCI : ASP 1974, p.31-32.
63. FICCI : ASP 1975, p.26
64. Ibid. p.4-6.
65. FICCI : ASP 1977, p. ix.
66. Ibid. p.123-4.
67. FICCI : ASP 1978, p.3.
68. Ibid. p.28.
69. FICCI : Fifty Third Annual Session, Address by the President, p.2.
70. BCCI : Report of the Committee of the BCCI, 1979, p.74.
71. FICCI : ASP 1962, pp.22-23.
72. Ibid. p.29.
73. FICCI : ASP 1966, p. 34.
74. FICCI : ICD 1968, pp.179-180.
75. FICCI : Fourth Plan : Better Performance or Bigger Size, 1966, p.7
76. FICCI : ASP 1969, p.4.
77. FICCI : ASP 1968, p.4.

78. FICCI : ICD 1967, p. 538.
79. Report on XXVth Congress of International Chamber of Commerce, 1975, Madrid, Indian National Committee of the ICC, New Delhi, p. 8.
80. Ibid. p.50.
81. FICCI : ASP 1965, p.20.
82. The Economic Times (Bombay) July 30, 1969 qu. in S. Kochanek : Business & Politics in India, University of California Press, Berkeley, 1974, p. 224.
83. FICCI : ASP 1973, pp.3-5.
84. Ibid. pp.41-42.
85. FICCI : ASP 1979, pp.63-66.
86. The Economic Times, 15 Jan. 1979 qu. in G.K. Lietaen : "Janata as a Continuity of the System", Social Scientist IX : 5/6 Dec. 1980, No.101-102.
87. F.R. Frankel : India's Green Revolution (OUP, Bombay 1971), pp.3-5.
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89. FICCI : ICD 1965, p.164.
90. FICCI : ASP 1965, p.22.
91. FICCI : Conference on Agricultural Development and Economic Progress, 1964, p. 19.
92. FICCI : ICD 1965, pp. 165-167.
93. FICCI : ASP 1966, pp. 19-21.
94. Ibid. p. 23.
95. FICCI : Guidelines for the Fourth Plan, pp.17-18.
96. Ibid. p. 58.
97. FICCI : ICD 1966, p.125.
98. Ibid. p.129.
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