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Special issue: The Underbelly of the Indian Boom

Introduction: the underbelly of the Indian boom

Stuart Corbridge and Alpa Shah

Max Weber, well known as the author of *Economy and society* (1978), is perhaps less well known for declaring in his *The religion of India* that Hinduism in general is ‘characterised by a dread of the magical evil of innovation’ (1981, p. 162). No one would write in these terms today when India is widely acclaimed as a beacon of high-tech modernity, nor, of course, should Weber have written in such terms 100 years ago. Today, the work of presenting Shining India to a global audience is performed as much by domestic boosters like Gurcharan Das or Bollywood stars such as Amitabh Bachchan as it is by visiting US commentators like Thomas Friedman. The suspicion remains, nonetheless, that the emerging contradictions of rapid growth in post-1980 India are poorly diagnosed by narratives of developmentalism which hide as much as they reveal.

Talk of India being, or shortly becoming, a major economic power, just as much as the focus on flashy dollar billionaires who are rising in India at the rate of 17 per year, blithely disregards the fact that more than 800 million Indians continue to survive on less than \$2 a day, or that just eight Indian states have more poor people than 26 of Africa’s poorest countries put together (Alkire & Santos, 2010). A journey from Delhi to Kolkata still takes a traveller through the global epicentre of extreme income poverty. Close to 450 million Indians are forced to subsist on less than \$1.25 a day in purchasing power parity terms – which is where the World Bank now draws its international poverty line – many of them living in the fertile Gangetic plain.¹ Almost all of these people use a precarious mix of livelihood strategies to make ends meet. They variously engage in small-scale farming, risky and poorly paid contract wage labour,

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and/or forms of petty commodity production where they exploit their own labour. Very few access jobs in the formal sector; indeed, the share of formal sector employment in India may have decreased from the late 1970s to the mid-1990s and rarely if ever edged above 10 per cent. China, by contrast, saw formal sector employment increase rapidly from 9.7 per cent (95 million people) to 19.2 per cent (148.5 million) in the same period (see Bardhan, 2010).

For the last 30 years Indians have had to contend with far less 'trickle-down' and far higher levels of jobless growth than their counterparts in China, a country where sustained economic growth pulled hundreds of millions of people out of extreme income poverty in the 1980s and 1990s, mainly in the countryside. In this special issue of *Economy and Society* we explore how the Indian economic boom is being experienced by the vast majority of Indians, many of whom, far from being excluded from channels of economic circulation and market exchange, are ever more tightly snarled into its underbelly.

We start in the Indo-Soviet Bhilai Steel Plant (BSP) in Chhattisgarh, where an aristocracy of labour that had risen above the shackles of family, caste and ethnic divisions is increasingly being replaced by a more vulnerable contract labour force. The restructuring practices taking place in the steel industry are to a certain extent matched by transformations in the Port Authority in Kolkata, along the banks of the Hooghly River. Here, while ships continue to be built, liberalization has produced brutal conditions of work in the process of manufacturing. The attraction of Norwegian shipping companies to the Hooghly River bed is very clearly linked to the fact that labour power is easily exploited here, making the ship-workers starkly vulnerable to changes in the global value chain. The precarious conditions under which the very poor get enmeshed in the contradictions of global finance are further explored in a study of the lives of slum dwellers in Chennai. We see that the elderly, especially women and wage-workers (rather than those who are self-employed), have been worst affected by the multiple shocks of the post-2008 credit crisis. Also in Tamil Nadu, but this time in Tiruppur, we find that the boom in garment and textile industries that has been a significant driver of Indian economic growth has nurtured regimes of debt bondage among industrial workers even as the phenomenon of wage slavery has virtually disappeared in the agrarian economy. Capitalist relations of production, rather than freeing labour, are here deepening their bondage to employers.

Public concern about the vulnerability in which poor people find themselves has resulted in new nation-wide schemes framed in the language of rights: the Right to Food, the Right to Information, the Right to Work. We return to central India to explore how rural populations are experiencing the implementation of employment assurance schemes whose practical workings are always dependent on the regional political systems in which they are enmeshed. The National Rural Employment Guarantee Act (NREGA) of 2005 was introduced by a government bent on liberalization but concerned as well

about the threat of dissent from *les classes dangereuses*. We end our journey 16 hours by train away from the steel plant where we begin. In Jharkhand, the Maoist-inspired Naxalite movement continues to aspire to form alliances across caste and class in an underground guerrilla war for a new India with a new economic policy, one which, it claims, would more equally redistribute the fruits of economic growth. Unsurprisingly denounced by the Indian government as the country's greatest security challenge, allegedly affecting up to two-thirds of the country's territory, we see how the Maoists struggle to create new kinds of social relations in their guerrilla zones and the double-edged significance of kinship, caste and community, all of which they depend on for support.

Growth and poverty

Counting the poor in India absorbs a good deal of attention from senior policy-makers and economists in and outside of government. These measurements show that poverty is declining at a distressingly slow rate, certainly as compared to China post-1980, though there have been some significant transformations since Independence. In 1970 more than 50 per cent of Indians suffered from protein-calorie malnutrition; today this figure is just below 30 per cent, although 47 per cent of children under five remain malnourished. Formal literacy rates are on the rise in India, although many government schools remain without teachers. Moreover, Nehru's modern temples – the big dams, the hydro projects, the steel plants – did not deliver formal sector jobs on a scale that was called for in the iconic Second and Third Five Year Plans (1956–1966), nor did land reform sufficiently unlock the productivity of agriculture to allow resources to be transferred from the countryside to the city without significant cost. Widespread famine deaths last blighted India (Bengal) in 1943–1944. However, near-famine conditions affected Bihar in the late 1960s, harshly illuminating the urban bias of India's development strategy before it was re-balanced through massive state interventions in the country's food production and distribution systems (notably in the 1970s through the Green Revolution as well as the activities of the Food Corporation of India and the Public Distribution System).

The size of the informal sector is of course difficult to calculate, but according to the Sengupta Commission (National Commission for Enterprises in the Unorganised Sector [NCEUS], 2008) by January 2005 the informal sector in India accounted for as much as 86 per cent of total employment. Of these 395 million unorganized sector workers, 64 per cent still depended on jobs in the agricultural sector, even though agriculture itself by then only contributed 14 per cent of India's gross domestic product (Bhalla & Singh, 2009). Despite talk of 'vanishing villages' (Gupta, 2005), and people's quite reasonable aspirations to move away from heavy farming work, India does not yet appear to be undergoing that great civilizational shift from the countryside

to the city that has been observed in China and most of Latin America. The lack of viability of most Indian farms today, after decades of subdivision, means that landowners across social classes supplement farm income with off-farm wages and profits from petty business. Meanwhile, erstwhile feudal lords have tried to corner lucrative trades, as well as positions in government and politics, to sustain their elite positions.

A majority of the working classes now move constantly back and forth between agriculture and industry and services, as well as between regions and states. The number of seasonal casual migrant wage labourers is estimated to have risen to 100 million. They live under the shadows of a slow but sustained liberalization of the Indian economy that, since the early 1990s, has taken India on routes quite different to the more dirigiste (and even to an extent socialist) paths laid out by the planners of the 1950s. Liberalization has mainly been pushed for by big business and has delivered power to that constituency. Atul Kohli (2012) and Robert Jenkins (2011) have documented the myriad ways in which India's corporate elites have slowly but ineluctably taken charge of the state in India, both at the federal level and increasingly in the states, where many Chief Ministers like to pose as CEOs. Industrial capitalism has been welcomed with open arms in India, in ways comparable to China. With it has come what David Harvey (2003) and others have called 'accumulation by dispossession', or a tendency to the centralization of wealth and power in the hands of a few by means of the private enclosure of the public's shared wealth, including land.

Informalization

Human rights activists, NGOs and scholars have argued that the liberalization policies which have supported high growth rates in India have been accompanied by processes of land-grabbing that have dispossessed and displaced tens of thousands of poor peasants. These processes of accumulation have been undertaken via government-backed entry of foreign and national business groups and multinational corporations, especially in the mining and manufacturing sector, and sometimes through the creation of Special Economic Zones offering attractive fiscal packages with minimum regulation. Aside from these very visible forms of violence against the everyday struggles of the poor, liberalization has also brought transformations in working practices across the country. This is evident, for example, in the reorganization of state-society relations, trade unionization and the delivery of public services, all of which have had a profound impact on the conditions under which Indians are struggling to survive.

For the last two decades Jonathan Parry has been conducting field-work in the public sector BSP in Madhya Pradesh/Chhattisgarh. In his paper here Parry charts the salience of a new kind of sociological distinction between the 'working' and 'middle' classes. This distinction does not rest in

Bhilai on the division between manual and non-manual labour, but rather between secure *naukri* – that is regular salaried employment – and *kam* – insecure, contract work; where *kam*, as Parry explains, is ‘untenured casual employment that is prototypically waged work that is paid by the day and is never secure’.

As a classic node in the Nehruvian industrial vision for India, Bhilai grew up in the 1960s and 1970s with very large numbers of its workers on regularized employment contracts that conferred all manner of benefits: dearness allowances, paid holidays, sick-leave, relatively high wages and, not least of all, a good measure of independence at the point of production (and with it the possibility for playing cards, moonlighting and so on). Those who had *naukri* also gained honour (*ijjat*). Employment could be handed on to sons or other male relatives. Moreover, the job itself, as Parry also reports, is an asset which can be leveraged for the purposes of raising a loan, arranging a marriage or resisting the boss.

Migration in the Lewisian dual-sector model was seen as an equilibrating mechanism (Lewis, 1955), not a source of surplus labour for urban centres that threatened to become ungovernable. In Bhilai, however, the gradual liberalization of the Indian economy post-1991 has led to quite different labour and locational outcomes. Parry points out that it is hard to estimate with any precision the true size of the labour force at Bhilai. He reckons, nonetheless, that a company which had around 65,000 employees on its payroll in the late 1980s (nearly all male), contracted in the late 1990s and through the 2000s to about 31,500 permanent workers in January 2011. Pressures to compete in global steel markets pushed management to replace those who had *naukri* with those who did *kam* in ‘the least skilled, but most physically taxing tasks’, such as cleaning the coke ovens. This restructuring did not entail significant technological innovation: overall employment levels have probably been maintained. In contrast, however, to the 1960s and 1970s, when people from the lowest rungs of local village societies could expect to gain jobs in the BSP and aspire to permanent contracts, the gateway between *kam* and *naukri* has now been effectively closed. Global competition has forced down average wage rates and has led to a shrinking over time of the classically Nehruvian labour force.

In more ways than one, then, the two worlds of Bhilai labour highlight the ambitions and disappointments of the post-Independence vision of a modern, industrial India. Labour in India has been decanted over time in the opposite direction to that which was hoped for. In addition, the boundaries of caste, which seemed to have broken down amongst those who had *naukri*, have reappeared in their relations with those who were engaged in *kam*, alongside new permeations of purity and pollution. Parry notes that ‘When I was first in the Coke Ovens, the inflexible rule was that after a tea break everybody in the BSP workgroup would wash their own glass, even their officer if he had joined them. Nobody was expected to handle the saliva-polluted utensils of anybody else. By the time I returned to the shop-floor in 2006 it was usual to get

contract workers to make the tea and wash the glasses, as well as perform other personal services, regular workers of Untouchable caste no less than others unselfconsciously barking peremptory orders at contract labourers who were often their caste superiors’.

Parry concludes that ‘The Indian economy has recently been growing at unprecedented rates and I estimate that in terms of the purchasing power of their wages [*kam*: unskilled and un-unionized] workers were perhaps 25 per cent better off in 2010 than they had been 15 years earlier. That left them still desperately poor’. Work at the BSP had also become harder over this period – less open to working practices that reduced labour productivity or which challenged the power of local managers. Some privileges remain for workers with *naukri*, but there were no privileges at all for the overwhelmingly Chhattisgarhi labour force engaged in *kam*, whose numbers continue to swell. Significantly, too, the insecurity generated by *kam* means that the reproduction of households relying on it in Bhilai are fundamentally also dependent in many cases on agricultural work or the tilling of small plots of land, as well as some kind of petty trade.

Further east, in Kolkata, Laura Bear’s prolonged field-work alongside workers in a Hooghly shipyard signposts yet another source of increased instability in the worlds of the working poor. Here too liberalization has led to changes in the hiring and work management practices of public sector institutions, not least when the Ministry of Surface Transport began to see the public sector Kolkata Port Trust as a valuable source of rents. The Port Trust, Bear tells us, which had previously been an agent of social investment in infrastructure, has become an extractive agent seeking to derive revenue from public resources, including the leasing of land. Between 1981 and 2000 the permanent work-force of the Port Trust was reduced from 34,492 to 11,514 employees – mirroring changes at Bhilai – and the work of ship construction, repair and technical projects was outsourced to small private shipyards such as the one in Bear’s paper, Venture Ltd. These shipyards enable the Port Trust to cut costs through the replacement of a permanent work-force by contract labour; they also gain revenue from the land they lease from the Trust. The coexistence of a cheap work-force and brutal working conditions has in turn attracted foreign firms to outsource their ship production to the Hooghly River bed. As Bear also shows, in this case with reference to a Norwegian shipping company, outsourcing has brought with it new systems of auditing to oversee the production process.

Bear’s ethnography shows that strikingly non-hierarchical working arrangements in the Venture Ltd yard are performed by a labour force on daily temporary contracts (1,500 workers in total, only 50 of whom were permanent) in a system without effective centralized management. In contrast to working in the Port Authority, or for that matter the BSP, there is a lack of deference here between managers and labourers, as low-caste labourers tease and make physical contact with their higher-caste mates or managers. In large part this is because they know their labour is needed.

They also know that the managers know very little about the jobs they are required to perform. At the same time, as Bear clearly documents, the working conditions for Venture's contract labourers are often dangerous (people are taken to state and occasionally private hospitals on a regular basis) and always exhausting (working in closed spaces in searing heat and humidity). With so much physical risk devolved to the work-force, it is little wonder, Bear reports – although a source of surprise to foreign inspectors and auditors – that clearly poor manual labourers do not jump at the prospect of overtime or a seven-day week; indeed, the first worry for management at the start of the day is knowing just who has turned up for work.

Managers and auditors deal with this extreme instability in the work-place by keeping wages as low as possible, by exploiting family connections in labour recruitment and by signing off, wherever they can, on poor quality work. In addition, global audit practices and ISO standards are used by both foreign and domestic managers to transfer financial risks back to labour brokers and their work teams. As Bear points out, the quality control officers employed to enforce a global audit regime generally are woefully informed about the technical dimensions of the jobs they are asked to inspect. In a sense, though, this does not matter so long as the final product works and can be signed off 'by the knowledge practices and documentary regimes of foreign managers'. Bear's wider argument is that the real embodied labour of male, sweated Indian labour is finally erased in favour of a narrative of production that is appropriated by a foreign audit regime. Bear also maintains that the instability which affects the whole enterprise of Venture Ltd is underpinned and reproduced by its unstable position within global value chains which reassemble at short notice, transferring production to sites where labour power can be more easily exploited.

To date, India has weathered the global financial crisis better than most countries – or, indeed, the global shipping industry – a fact that can be explained in part by the limited liberalization of its own financial and banking sectors post-1991. As Harriss-White, Olsen, Vera-Sanso and Suresh suggest in their paper, however, life in the slums of Chennai post-2008 has certainly been impacted by the crisis on Wall Street. The informal, unregistered economy in which labour most of the 93 million people who live in India's slums, has been increasingly harnessed to a volatile global economy through liberalization and deregulation. The major impact of the crisis in India was a fall in demand for its exports which led to hundreds of thousands of jobs lost. In this context, Harriss-White *et al.* consider how rising food price inflation, a shortage of formal business credit and rising unemployment in the construction and IT services industries, all of which can be linked to the global financial crisis, created new vulnerabilities for slum-dwellers in Chennai. Shocks, they suggest, may initiate either downward mobility or may generate a crisis after which a household may recover.

The authors also show that middle-aged and older workers, especially women, are on average the least well placed to cope with these external shocks. Significantly, wage-workers tied to India's export markets in their production of textiles, handloom garments, leather, etc., fared worse than those who were self-employed. The fate of wage-workers was inextricably linked to the crisis as demand for exports dropped and as the manufacturing growth rate halved between November 2007 and November 2008. Moreover, the state in Tamil Nadu, as elsewhere more generally, has been reluctant to intervene in urban labour markets, either to enforce minimum wages legislation or to extend employment guarantee schemes into the slums. Local politicians have instead focused on an expensive noonday meal scheme and targeted pensions as ways to assist the urban poor.

The re-emergence of debt bondage

Further west in Tamil Nadu, in the vicinity of Tiruppur, Grace Carswell and Geert de Neve were confronted at the time of their field-work not with the phenomenon of growing unemployment but with a very different set of local responses to globalization: in this case demand for the products of booming garment and textile industries. Far from tight and highly segmented labour markets driving up local wages, Carswell and de Neve found that debt bondage, which had slowly disappeared from the agrarian economy in the decades after Independence, was reappearing in the countryside in the village-based powerloom industry that produces woven cloth. Liberal economic reform thus brought with it not the freeing of a proletariat but a deproletarianization of the labour force by means of which the commodification of labour is curtailed by varying degrees of worker attachment and unfreedom.

Even rural workers with other employment opportunities can be lured into debt bondage if the upfront loan is sufficiently large – local cone winders and loom operators, for instance, received cash advances which exceeded their average annual income. As Carswell and de Neve report, workers are then trapped in shifts that might pay as little as Rs 200 (just under £3) for a 12-hour day for loom-workers, and where Mathari workers (the lowest ranking of the dalit castes in the region) are routinely subjected to intrusive surveillance and beatings by their high-caste Gounder employers. Mathari workers continue to be tied not only to the powerloom but also to the community of Gounders. Why do the Matharis take these cash advances? Interestingly, Carswell and de Neve report that apart from health-related crises they are mainly used to finance a series of new consumption needs (colour TVs and motorbikes), greater marriage and other life cycle expenses and substantial improvements to housing. These observations remind us that, while the living standards of the poor in India

have improved in key respects since *c.*1990, sometimes these improvements come at great (future) cost.

The pacification of *les classes dangereuses*

Carswell and de Neve note that the simple fact of labour unfreedom – and dependence – has not in practice curbed (or wholly curbed) ‘the rise of an overt awareness among workers of their bondedness’, nor has it deterred outright acts of opposition to the Gounder powerloom owners. Explicit acts of opposition to Gounders have involved both the classic ‘weapons of the weak’ (Scott, 1985) and litigation through increased use of the Scheduled Caste/Scheduled Tribe (Prevention of Atrocities) Act. Young *dalit* workers, in particular, have become radicalized as they have become more educated, and many of them are aware that the garment industry in Tiruppur, which itself faces labour shortages, offers an escape from bonded powerloom labour in local villages. A small minority of male powerloom workers also seek work in the countryside under the terms of the NREGA. As Stuart Corbridge and Manoj Srivastava point out in their paper, one obvious purpose of NREGA, like its predecessor the Employment Assurance Scheme (EAS), is to quieten the countryside. Much like a Green Revolution that promised peace and food instead of Red Rebellion, employment assurance schemes in India have been advanced not only to build local infrastructure and boost wages, but also to pacify the ‘dangerous classes’.

Corbridge and Srivastava use qualitative and large-*n* data sets on the EAS in Bihar and Madhya Pradesh to reflect on certain common claims that can sometimes be made on behalf of both the EAS and NREGA. They show that understandings of the EAS were poor amongst intended beneficiaries. They also show that the EAS did not work better for the rural poor in Madhya Pradesh than in Bihar, notwithstanding the existence of functioning *panchayati Raj* institutions in the former. This calls into question a conventional decentralization or good governance agenda. Most significantly, the paper suggests that geographies of EAS fund flows illuminate the nature and workings of the local state. Distribution of EAS funds within Districts and Blocks are most uneven where allocative power is effectively monopolized by a regional political boss and/or is unchallenged by bureaucratic oversight mechanisms.

This is very clearly the case in Rewa District in Madhya Pradesh and in Vaishali District, Bihar. In both cases key spending decisions were directed by a District-level strongman who allocated EAS funds to his political supporters. In contrast, in mainly tribal Districts of Bihar (now Jharkhand) and Madhya Pradesh, higher levels of effective political competition, and greater powers of oversight by government officials, combined to produce maps of EAS fund flows that more closely approximated to simple demography. Even in these cases, however, it was rare for more than 20 per cent of funds to reach the

intended beneficiaries of the scheme: labourers from below-poverty-line households. Elite capture of resources through false invoicing and other corrupt practices ensured that local buy-in to the EAS was limited. Corbridge and Srivastava suggest that similar problems might yet beset NREGA. The latter scheme is meant to funnel government funds directly into the bank accounts of labourers in a way that was not envisaged by the EAS. It also provides statutory force to an assurance of work. In key respects, however, NREGA continues to assume (with the EAS) that labouring men and women are well informed about their employment rights and are well placed to hold decision-makers to account through village-level social audits. This might well be the case in states like Karnataka and Kerala, but it is unclear that such propitious conditions are widely found in states like Madhya Pradesh and Bihar.

Prospects for alternative visions

Corbridge and Srivastava offer a sobering reminder of the structural inequalities in which rights-based schemes like NREGA must take shape, and thus of the potential for these schemes to accumulate clients at least as much as they reduce income or consumption poverty. In much the same way, the use of legal provisions such as the Scheduled Castes and Scheduled Tribe (Prevention of Atrocities) Act provides some individual Matharis in De Neve and Carswell's Tamil Nadu villages with the ability to protect themselves against abuses by the high-caste Gounders, but it does not effectively challenge the exploitative structures of production which are tying them into deep relations of debt to local powerloom owners.

Where, then, are there spaces for hope for a better future for the poor? Most of the papers here do not provide much room for optimism. In Bhilai, the trade unions are the preserve of an aristocracy of labour. Those doing *kam* have no kind of political representation. In Kolkata the situation is perhaps worse: as Bear reports, the local Centre of Indian Trade Unions (CITU) union leader had actually been co-opted to supply labour to the shipyard as a contractor. And while liberalization has gone hand in hand with rising protests – for instance against the building of Special Economic Zones or for the rights of particular groups to have Scheduled community status (to access government special provisions) – these movements have remained restricted to particular groups or regions, fighting for local or sectional concerns.

The one exception to this, the subject of Alpa Shah's paper, is the long-standing Marxist-Leninist Naxalite movement (now organized by the Communist Party of India – Maoist), a more than 40-year-old struggle to seize power over the Indian state in order to change the very terms of its operations. A communist society is the Maoists' ultimate goal, but first a New Democratic Revolution guides their underground struggle for a socialist state. The ensuing

guerrilla war has become the subject of intense media, government and scholarly attention and is commonly represented as a rebellion of India's indigenous population, or adivasis, against their dispossession by deals made between the Indian state and multinational and national corporations to excavate the minerals which lie beneath their land. In retaliation, the Indian government has designated the Maoists as 'terrorists' and sent in 100,000 security personnel to the forests and hills that are their key zones of activity.

Despite these unprecedented counter-insurgency measures, the Maoists are firmly entrenched in central and eastern India and continue to draw support from local populations. Shah draws on long-term ethnographic field-work to explore how and why people join the movement. She shows that accounts of Naxalism which explain the persistence of the movement in terms of greed or grievance – the standard models of rebellion in economics and political science – are grossly deficient. Instead, Shah advances an argument about the importance of relations of intimacy in sustaining the Naxalites, and in particular the bonds that are formed between the Communist Party of India (Maoist) and the local people. Shah shows that while the kinds of critique of public welfare schemes, such as the one made by Corbridge and Srivastava of the NREGA, are also made by the Maoists and are important for the villagers, it is the bonds of family, kinship and affection that have developed between the party and the people, and that are based on a shared moral worth, that explain the sustainability of the movement in these areas. For many people in the area the party provides a sense of belonging; it is seen as a kind of extended family and even a home away from home. Thus men and women support the movement, and generally stick with it, even when they feel compelled to go on yet another march or demonstration – against corruption in welfare schemes like NREGA – that might simply bore them.

Significantly, Shah notes that these relations of intimacy are in fact underpinned by an ideological vision of a better (more egalitarian) society which the Maoists try to reshape in their guerrilla zones. So, for many villagers it is not just an emotional and physical intimacy that binds them to the party, but also the fact that within the party many divides – such as those of caste and class – are meant to be dismantled. For men and women used to being spoken to harshly as 'jungles' by outsiders (which is still the case for many adivasis), or stigmatized as 'untouchable', the tone of voice matters, just as sharing food from the same plate as a high-caste leader undermines caste distinctions. The Nehruvian vision of a society rising above caste (or class) divisions, which was sorely absent in local experiences of a dominating and exploitative Indian state in the remote hills and forests of central and eastern India, is ironically being resurrected by the Indian Maoists.

She argues, however, that the kinds of subject formation and social relations that the Maoists are trying to create in these regions are extremely challenging to produce because they are working against the material forces of history. In contrast, She suggests that the competing forces of the Hindu right

wing are likely to be more successful in the long run as the relations of intimacy they depend on are in synch with the development of capitalist relations, which in India have involved processes of lower castes moving up the class hierarchy by emulating the upper castes. Conflicting ideological tensions in the development of relations of intimacy help explain not only how such movements gather support but also how they can be undone by those very same ties of social relations. Relations of intimacy, Shah argues, can be an Achilles' heel for the party where kinship demands undermine public service/party interests. Party finances meant for the public good, for instance, sometimes get plundered as processes of class differentiation that filter through families take precedence over the movement. Although the Indian state appears as a force of military repression in large parts of central and eastern India, Shah suggests that utilization of the conflicting ideological tensions in the development of relations of intimacy between the Maoists and the people has been one of the most effective methods of counter-insurgency.

Despite this formidable counter-movement against the Indian state, 65 years after Independence the majority of Indian workers and peasants find it as difficult as ever to confront the powers of capital or the bureaucrats and politicians who rule over them – a fact that will surprise only hard-line modernization theorists. Considerations of caste, ethnicity and gender have generally hardened, not dissipated. In the years since *c.*1991 the position of labour in contemporary India has in many cases weakened further, both as a result of continuing demographic pressures and as a result of the slow roll-back of India's small organized sector. The incidence of extreme income poverty is reducing in India, but much more slowly than standard economic theory would incline us to expect or has been the case in China or south-east Asia. Labour's share of national income reduced sharply in the 1990s in part because the Indian economy was set free to return higher rewards to entrepreneurs and those with marketable talents. Rather more so, however, labour's failure to benefit as much as would be expected from India's sustained economic boom can be traced back to some of the processes described here: food price inflation, new cycles of unemployment linked to global economic conditions, weak investment in human capital and a sustained assault upon the so-called privileges of formal sector labour. Here are some of the root causes of the weak growth–poverty reduction nexus in India. Here lies the underbelly of the Indian economic boom.

Note

1 Poverty lines are notoriously difficult to set. World Bank figures are more optimistic than those of the National Commission for Employment in the Unorganised Sector, which show that almost three-quarters of the population has a daily purchasing power of less than Rs 20 (or 40 cents) a day (see Bhaduri, 2009; NCEUS, 2008; Sengupta *et al.*, 2008).

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