

Politics and Redistribution in India

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Over time the state in India has shifted from a reluctant pro-capitalist state with a socialist ideology to an enthusiastic pro-capitalist state with a neo-liberal ideology. This shift has significant implications for politics of redistribution in India. On the one hand, the state's warm embrace of capital has been accompanied by higher rates of economic growth. Since levels of inequality in India are not enormously skewed, say, in comparison to Latin America, the recent growth acceleration is bound to be poverty reducing. On the other hand, however, the state-capital alliance for growth is leading to widening inequalities along a variety of dimensions: city versus the countryside; across regions; and along class lines. Not only does rapid economic growth then not benefit as many of the poor as it could if inequalities were stable, but the balance of class power within India is shifting decisively towards business and other property owning classes.

The prospect of making India's growth process more inclusive is not encouraging. If rapid growth continues, some of this will necessarily "trickle down" and help the poor. Beyond that, however, the scope for hastening this trickle via deliberate redistribution is limited. This is in part because deliberate redistribution is difficult any where, in part because the Indian state's capacity to implement pro-poor, redistributive policies has always been limited, but mainly because of the emerging ruling alliance in India, which at core is an alliance of state and capital for growth. What might add some redistributive thrust to this growth-focused, elitist alliance is the fact that India is a vibrant democracy, with the poor and the near-poor constituting a majority. The excluded majorities are likely to continue to press their own case. A highly elitist apex and a mobilized fringe then define the political context in which India's current drama of redistributive politics is unfolding.

**Some Caveats:** To begin, two caveats are in order. First, when discussing politics and redistribution I focus mainly on the state's capacity to reduce inequalities and poverty, while paying some attention to how inequality and poverty influence politics. Poverty and inequality are, of course, distinguishable; as in contemporary India, inequalities may be widening, but poverty conditions are improving. However, one should not push this distinction too far. Setting aside the case of economic growth enveloping more and more people—often a fairly slow process—most deliberate efforts at poverty alleviation involve some deliberate redistribution and, more important from a political standpoint, are perceived as such. For example, strategies of poverty alleviation may focus on one or more of the following: asset redistribution; welfare provision; creation of human capital; or altering the pattern of economic growth. Since some of these strategies result in clear winners and losers, and others starkly pose the issue of who will pay, strategies of poverty alleviation readily come to be viewed as redistributive policies.

And second, while the discussion here is focused on India, it is important to keep some cross-national comparisons in mind. As far as deliberate redistribution and poverty alleviation are concerned, the Indian state's capacity has been fairly dismal. The attempts to redistribute land to the landless, to provide education and health to the poor, and to create employment via public works type of programs, have all been largely ineffective. The underlying causes include the absence of a real commitment among state elites, poor quality peripheral bureaucracy, but most of all, powerful vested interests who have often opposed or subverted such efforts. When viewed comparatively, however, most developing country states, especially those in Latin America and sub-Saharan Africa, have been even more ineffective than India in checking growing inequalities or in

providing for their poor. While some such East Asian cases as South Korea, or possibly China, indeed provide examples of “growth with distribution,” it is important that their pathways are understood correctly.

Land redistribution has been an integral component of the relatively egalitarian pathway followed by countries like China or South Korea. Early land reforms in these cases not only flattened the class profile in the countryside, but also raised peasant incomes, thus contributing to higher wages for the urban working class by reducing the size of the “surplus poor.” Revolutionary communists and occupying U.S. forces helped implement land redistribution in China and South Korea respectively; these political preconditions are not likely to be replicated in an India. Much is also made in the development literature of the role of labor-intensive, export-oriented industrialization in helping reconcile growth with redistribution in these cases. This is fine as it goes but the fact is that countries like South Korea pursued both labor-intensive and capital-intensive industrialization; even in a South Korea the latter was accompanied with growing income disparities. And, of course, growing inequalities in China’s recent growth upsurge are quite well known.

The quality of human capital in countries like China and South Korea is clearly superior to that in India. Here there is much room for improvement in India. Once again, however, how China and South Korea got to where they are needs to be kept in mind. The efforts to improve education and health conditions in China were very much part of the revolutionary transformation of China, a process not likely to be repeated in countries like India. Even in a non-revolutionary South Korea, certain unique factors contributed to the benign outcome. First, the colonial legacy in the field of primary education was

relatively favorable. Second, following land redistribution, landlords often invested their compensations into a system of private education, hoping that their progeny will thus find alternative routes of upward mobility. And finally, of course, public investment into education has been consistently significant, though even here one should not underestimate the role played by a growth-oriented authoritarian state that expected primary education to lead to a productive but propagandized working class.

What one might legitimately expect from the Indian state in terms of deliberate redistribution thus needs to be tempered by a correct understanding of what others in the developing world have or have not achieved. Relatively egalitarian initial conditions and a more labor-intensive product mix have been important components of reconciling growth with distribution; both of these factors are largely missing in India, especially the first. Investments in education and health have been the other components of creating a more level social field in select East Asian cases. These too were facilitated in part by unique social and political conditions. While East Asian countries might provide a useful model of sorts, with a highly stratified society and a narrow ruling coalition, India is not likely to fully replicate East Asia.

**Politics and Redistribution, Over Time:** The social origins of India's post-independence state and the redistributive efforts of this state have been well studied.<sup>1</sup> Political power in post-independence India rested mainly in the Congress party. Led by Nehru, the early Congress party was nationalist and socialist in its ideology. While seeking to represent the interests of the "nation" as a whole, the Congress came to be influenced disproportionately by "proprietary classes" (Bardhan, 1984). For example,

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<sup>1</sup> An incomplete list of some of the contributions might include Frankel (2005), Chibber (2003), Potter (1996), Nayar (1989), Kohli (1987), Bardhan (1984), and Herring (1983).

business groups played a significant role in early economic policy making (Chibber, 2004), and Congress built its political support in the countryside via upper caste, landowning groups, thus incorporating landed interests into the heart of the body politic (Frankel, 2005). Professional urban classes and the well heeled bureaucrats also exerted considerable influence on the state. And yet, the Congress was never a party of the Indian elite alone. Gandhi mobilized segments of the Indian peasantry into the nationalist movement. Nehru's socialist commitments further broadened Congress' social base, at least promising progress to India's downtrodden.

Unfortunately, Nehru and his policies failed to make any significant dent in India's poverty. The simple but powerful fact is that the overall growth rate of the economy was relatively sluggish in these years, population grew at a significant rate, and the number of poor in India grew steadily. Below this nearly banal sounding -- but tragic -- reality of India's slow suffering laid numerous policy choices and poorly implemented policies.

Nehru's emphasis on heavy industry meant the neglect of agriculture, a set of policy decisions with serious negative consequences for India's poor, majority of whom lived in the countryside. It is no exaggeration to suggest in retrospect that there was no systematic policy to promote agricultural growth in Nehru's India. Much reliance was put instead on reeducating the peasantry (via Community Development Programs), and on altering the incentives of the land tiller via land reforms. The former was probably mistaken even in conception, and given the poor quality of peripheral bureaucracy, was certainly implemented very poorly (Myrdal, 1968).

There was some success in India in eliminating the largest *zamindars* (landowners) but much less in ensuring that land was redistributed to the rural landless.

*Zamindari* abolition was thus mainly a political phenomena (as distinct from a class phenomena), in the sense that many *zamindars* were allies of the British, lost power as the nationalists gained, and posed an obstacle to the Congress rulers to build political support in the periphery. Congress rulers thus pushed hard and succeeded in reducing the size of *zamindari* holdings. Those who gained were generally the “lower gentry,” rather than the land tillers. By contrast to *zamindari* abolition, the several subsequent rounds of land reforms (redistributing land above a certain “ceiling,” or ensuring the rights of tenants) were mostly a failure (Herring, 1983; Appu, 1996). There was some variation on this score across Indian states, a subject that is discussed further below. On the whole, however, land reforms failed mainly because state authorities in India proved either unwilling or incapable of confronting powerful class interests in the countryside (Myrdal, 1968). Significant factors that contributed to the state’s limited capacities on this score included Congress party’s incorporation of landed interests as pillars of party support in the countryside, a federal structure in which land redistribution was the responsibility of state governments in which the power of landed classes was especially significant, a less-than-professional lower level bureaucracy that was readily co-opted by the rural powerful, a legal system that was biased in favor of property owners, and a relatively low level of mobilization and organization among the potential beneficiaries.

Beyond the neglect of agriculture and failure of land reforms, other notable Nehruvian policies with adverse consequences for the poor included a capital-intensive pattern of industrialization and the neglect of primary education. The focus on heavy industry reflected both Nehru’s vision of how to build a strong and sovereign India (Nayar, 1989), and the prevailing economic logic of the time that, since you can not eat

steel, such a focus will enhance savings and facilitate rapid industrialization (Charkravarty, 1988). Whatever the underlying motives, the consequences were clear: India's industrial growth did not create enough new jobs to make a dent into the growing number of poor. Similarly, a focus on primary education might have not only served important economic goals by raising the quality of human capital, but would have also been an important development end in itself (Sen, 1999). Nehru's focus instead on creating "pockets of excellence," for example, by creating the Indian Institutes of Technology, remains to this day a much debated set of policies. Why India's primary education has continued to lag dramatically also remains somewhat of an enigma. Myron Weiner's provocative argument (1991) that the neglect reflected the exclusionary mindset of India's upper caste elites probably has some merit. However, even with a shift in national priorities on primary education that is currently underway, the fact is that numerous problems of implementation at the level of state governments and below remain; this issue too is further discussed below.

By the 1970s, a new political generation had come into being, the legacy of nationalism was declining, and along with it grew a sense in India that politics was less about the pursuit of ideals but more about mundane realities of who gets what, when, and how. Congress party was thus in a danger of losing its hegemonic hold under the strain of a variety of distributive conflicts. By accentuating populism, Indira Gandhi recreated a new type of Congress hegemony in which power became even more personal, Congress party was further deinstitutionalized, leaders below the apex came to be appointed from the top, often rewarded for little more than loyalty to Indira Gandhi, and even the well established civil service and the armed forces felt the strain of growing politicization

(Rudolph and Rudolph, 1987; Kohli 1991). While politics has always been in command of economic policy making in India, the Indira Gandhi years were especially notable for the politicization of the economy, first in a distributive direction in the 1970s, and then in a more pro-business direction during and following the Emergency in the 1980s.

The Nehruvian model of economic development was accentuated in a populist direction by Indira Gandhi: banks were nationalized, Maharaja's were stripped of their remaining privileges, anti-monopoly laws were strengthened, new taxes were imposed on the rich, access to credit was broadened, stricter land reform legislation was passed, and public works programs that may supplement the income of the poor were brought into being. The early 1970s was thus a moment in India with real social democratic possibilities. Unfortunately, the experiment was mostly a failure because Indira Gandhi's personal power led more to centralization and powerlessness and less to the creation of a well organized social democratic power bloc that might be capable of confronting dominant class interests (Kohli, 1994).

The failures on the redistribution front were especially glaring because of the gap between promises and outcomes. The main achievement probably was to limit the growth of inequalities, though, as critics will rightly add, this was more a matter of sharing poverty than wealth. Some of the monies invested into such poverty alleviation schemes as employment generation programs probably also did reach the poor, especially in states with committed leaders and better bureaucracies. By contrast, public education and primary health were ignored. The failure to acquire and to redistribute above ceiling land, and to improve the lot of tenants, was the most notable failure (Appu, 1996). All the rhetoric and some real legislation aside, the pursuit of land redistribution was left

mainly in the hands of state governments. A few state governments made good use of the new, permissive political space, but these were seldom states with Congress governments. In the modal Congress run state, the political structures consisted of two main hierarchies: a top-down, loyalty- and patronage-based chain that was the Congress party, without a well organized social base; and a bureaucratic hierarchy, in which the quality of bureaucracy declined as you went down the hierarchy. Where these political hierarchies stopped in the countryside began real social power, i.e., power of landowning elites. Neither the local level party nor the bureaucratic elite were in a position to confront the landed elite; on the contrary, at times the party and the landed elite were the same people, and nearly always the local bureaucrats were deeply entrenched in local power structures. When on occasion some redistributive success seemed close at hand, tenants were either evicted by force or land ownership cases ended up in courts, where they probably still languish.

Starting around 1980, Indian political system began moving in a new direction, especially in terms of developmental priorities and, related to that, in terms of the underlying state-class alliances. After returning to power in 1980, Indira Gandhi increasingly prioritized economic growth, and put the rhetoric of socialism on the back burner. This complex political shift reflected several underlying political realities that are analyzed in detail elsewhere (Kohli, 2006A and 2006B): a growing realization that redistributive possibilities were increasingly limited; the negative impact that radical rhetoric had had on the state's relations with the corporate sector, as well as on the corporate sector's willingness to invest; and, of course, relatively low economic growth, especially industrial growth, during the 1970s. Looking for higher rates of economic

growth, Indira Gandhi in the early 1980s sought to reorder the state's class underpinnings, tilting it towards capital and against labor. Thus began a steady process which, over the next quarter of a century, propelled the power of capital in the Indian polity to near hegemonic proportions.

Late Indira Gandhi and her son Rajiv Gandhi moved the Indian state away from its socialist ambitions to a growth-promoting state that worked with the corporate sector. State elites increasingly downplayed the rhetoric of socialism. A major fatality of this ideological shift was that land redistribution and tenancy reforms lost luster as policy options. While these policies had never succeeded much in India, now even their desirability became questionable. Also, very few new efforts emerged to improve primary education or public health. The pattern of economic growth favored big business houses. However, both Indira and Rajiv Gandhi kept up public investments. As a result, public investments in agriculture put a brake on growing rural-urban divide, and by the same token, continuing public investments helped India's poor states from falling further behind in their relative rates of economic growth.

The state-business alliance for growth has pretty well continued to characterize India's model of development since about 1980, with another important liberalizing shift in 1991, when integration with the global economy also picked up speed. Unlike in some other parts of the world, India's leaders did not push en masse privatization of the public sector, state shrinkage, or rapid opening to global investment. What they did instead was to slowly but surely reduce tariffs, liberalize foreign investment laws, and cut back on public investments. The more economic growth was led by private investors, the more the benefits accrued to owners of capital and to their agents. A small but significant

urban middle class has also been growing in the shadow of this growth upsurge. All this is not surprising.

What the Indian state has also done is to throw its weight behind the winners of the new economy, without compensating those who are being left behind. It is this activist role of the state that has further contributed to growing inequalities. The Indian state has thus continued to support Indian capital in various ways so as to enable it to compete against global competition. A variety of “public-private partnerships” are also beginning to absorb public initiative and resources. By contrast, investments into agriculture have not kept pace, and the poorer states of India have been left to their own resources. Since new private capital has not rushed into these areas, inequalities in India continue to grow, and the country’s poor do not benefit as much from growth as they might under a modified policy regime.

**Politics and Redistribution, Across Indian States:** Contrasting developments across Indian states put redistributive politics in India in sharper relief. Over the years the states in which poverty has come down the most include Kerala, West Bengal, Punjab, Andhra Pradesh, and Tamilnadu. By contrast, poverty has come down the least in Assam, Jammu and Kashmir, Bihar, Madhya Pradesh and Rajasthan (Besley et. al. 2007; also see, Datt and Ravallion, 2002). While rates of economic growth are a significant predictor of these trends, as interesting is the fact that for a unit of economic growth in various Indian states poverty came down much more rapidly in some states than in others. Thus, for example, one unit of growth in Kerala or West Bengal has been four times more “efficient” in reducing poverty (as indicated by what economists call the growth elasticity of poverty) than, say, in Bihar or Madhya Pradesh (Besley et. al. Table 3.1). More concretely, this

means that it will take four times the growth rate of Kerala and West Bengal to reduce the same amount of poverty in Bihar and Madhya Pradesh. How does one best understand such different capacities across Indian states to reduce poverty?

The Two states in which poverty has come down the most—Kerala and West Bengal—are states with long experience of left governments. All the southern states—Kerala, Andhra Pradesh, Tamilnadu, and Karnataka—are among the top half of the states in which poverty has come down the most. By contrast, India's BIMARU states—Bihar, Madhya Pradesh, Rajasthan, and Uttar Pradesh—are among the bottom half of the states in which poverty has come down the least. Leaving proximate determinants of such patterns aside (for example, irrigation infrastructure, growth of farm yields, access to credit), the deeper explanation of such a pattern probably lies in the nature of social and political power in these states, and related to that, different policies whose results have accumulated over decades. Put as a hypothesis, it may be suggested that poverty has been reduced the most in states where effective governmental power rests on a broad political base; in such cases, rulers have minimized the hold of upper classes on the state, successfully organized the middle and lower strata into an effective power bloc, and then used this power to channel resources to the poor.

This simple hypothesis can be used to explain varying capacities across Indian states to reduce poverty. First, let us consider the two cases of India's left-leaning states, Kerala and West Bengal. There is more of a consensus around the case of Kerala than West Bengal. Poverty in Kerala has been reduced sharply and its human development indicators are far superior to that of rest of India (Dreze and Sen 2002). And all this was accomplished while economic growth rates in Kerala have been close to the all India

average. Underlying these redistributive achievements are complex historical roots, including the political mobilization of lower castes and classes well before independence.<sup>2</sup> This broadened political base then facilitated the rise of a well organized, communist party to power. A more pro-poor regime interacted with a more efficacious citizenry, creating what Dreze and Sen (2002) rightly called a “virtuous” cycle. This created both a supply of and demand for a variety of successful pro-poor public policies, including land reforms, higher investments into and better implementation of education and health policies, and greater gender equality. The fact is that, when compared to other Indian states, by now cultivated land in Kerala is distributed most evenly and wages of landless laborers are highest in India.

While the case of West Bengal is more mixed (Kohli,1987; Mallick, 1995; Harriss,1993; and Corbridge, 2003), the main dynamics of poverty alleviation again seem to be that a well organized regime with a broad political base has been relatively effective at pursuing tenancy reform, helping push up minimum wages – though only somewhat -- and implementing centrally sponsored anti-poverty programs more effectively than other states. Land inequality in the countryside in West Bengal is also among the lowest in India by now, though wages of agricultural laborers are only marginally above the all India average. There is also some evidence that tenancy reforms—via enhanced security and bargaining power—have helped agricultural productivity, thus making growth in West Bengal more inclusive (Banerjee, 2002).

If India’s “social democratic” states have effectively leveraged superior party organization and a broad political base to pursue modest redistributive reforms, how does one interpret the fact that all of India’s southern states are above average in their poverty

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<sup>2</sup> See, for example, Patrick Heller’s chapter on Kerala in Sandbrook, et.al. (2007). Also see Heller, 1999.

alleviation capacities? India's southern states share two sets of distinguishing political traits, one well researched and the other much in need of research. The well established fact is that narrow domination of Brahmins was more effectively challenged in all the southern states relatively early in the twentieth century (Frankel and Rao, 1990). Since independence, the political base of power in these states has generally been middle castes and classes, and in some instances even lower classes. This is quite distinct from the Hindi-heartland states, where Brahmanical domination was only challenged relatively recently. The other fact is that the quality of state level bureaucracy in the South has generally been superior. While this "fact" needs to be documented by further scholarly research, over years of field work I was repeatedly struck by a sharper sense of professionalism among state level bureaucrats, especially in Tamilnadu, more akin to the IAS than to prevailing practices in the Hindi-heartland.

How might prolonged rule by governments with broader political base and more effective bureaucracy influence poverty alleviation? Leaving Kerala aside, land redistribution has not been very effective in the Southern states. The main policy instruments of poverty alleviation have instead been somewhat different. Over the last several decades the Southern states have invested more heavily in education and health than in the Hindi-heartland states.<sup>3</sup> Another study notes that, on the whole, Southern states have benefited more from subsidized public distribution of wheat and rice (Harriss, 2003): populist leaders and superior bureaucracy must get the credit. With a more effective bureaucracy, other poverty alleviation programs (such as a variety of employment generation programs) have also been implemented better.

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<sup>3</sup> See, Prerna Singh, "World's Apart: A Comparative Analysis of Social Development in India," doctoral dissertation in preparation, Princeton University, Chapter 4.

The contrast with BIMARU states of northern India is striking. Of course, these states experienced low growth rates. However, the contrasts in the social and political structures are also notable. Well into the late twentieth century, the main mode of politics in these states was Congress party rule that rested on a narrow political base of upper castes and classes.<sup>4</sup> With patron-client ties as the key defining unit of the political society, factional bickering among the patrons was the core trait of state politics. This personalistic bickering detracted from any type of constructive use of state power, whether in promoting growth or distribution. With long traditions of *zamindari* or *taluqadari* rule (forms of indirect rule), the quality of state level bureaucracy that these regions inherited was also generally low. Virulent patronage politics politicized the bureaucracy in post-independence years, further diluting the state's developmental capacity. For some three to four decades following independence then, a narrow political base, personalistic factionalism, and a less-than-professional state level bureaucracy characterized the nature of state power in this region of India.

Land reforms were very poorly implemented in the Hindi-heartland states. With upper-caste landowners wielding considerable power—both in the state and in the society—and with a readily corruptible bureaucracy, this failure was not surprising. A variety of other state interventions that might have helped the poor were also ineffective.

In recent decades, the political base of state power in all of these states has broadened, though social power of upper caste landowners remains significant. Over time this broadening of state power may lead to some greater benefits to the poor, as has

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<sup>4</sup>The fact that the lowest castes also voted for the Congress in these states, say, up until the end of the 1960s, did not make Congress a broad based party. Members of lowest castes often depended on members of upper castes and were entangled in a variety of patronage relationships. In spite of an apparent broad social base Congress's effective political base in these states was thus quite narrow.

recently been evident in Rajasthan and Madhya Pradesh. Meanwhile, factional bickering and politicized bureaucracy have nearly been institutionalized in the Hindi-heartland areas, leading to policy ineffectiveness. Decades of malign neglect and policy ineffectiveness have thus accumulated in creating the largest concentration of the poor within India.

**Politics and Redistribution, the Local Level:** India's local governments have generally been quite ineffective at pursuing either redistributive policies or poverty alleviation programs. Of course, there has been some variation on this score, with some pockets of success, especially in states that have prioritized the welfare of the poor. On the whole, however, *panchayats* have not functioned very well because of the complicity of corrupt local politicians and bureaucrats on the one side, and the powerful among the upper castes and classes in the village society on the other side. A variety of distributive programs sponsored in Delhi, or in state capitals, has thus failed to reach the intended beneficiaries. Future efforts to pursue such minimal poverty alleviation programs as public works employment generation or delivery of public health and education in the countryside will require more effective *panchayats*.

*Panchayats* have a long and checkered history in India (Mullen, 2007; Kumar, 2006; and Ghosh and Kumar, 2003). As the lowest rung of the Indian state, our interest in *panchayats* here is limited to their evolving role in the politics of redistribution: why did *panchayats* play a fairly limited redistributive role in the past; how does one best understand their limited success in some regions and in some time periods; and what is their likely role now that local elections have been constitutionally mandated (in 1992-3),

Most of India's poor live in villages. If government sponsored programs are to help the poor they must somehow reach the poor. That local governments should implement such programs and policies is then clearly one viable option. Following independence, for several decades local governments in much of India were mainly administrative organizations in which lower level bureaucrats sought to implement policies made at higher levels. Up until 1992, when they became the law, regularly elected *panchayat* governments were rare in India: Maharashtra and Gujarat have conducted regular elections since the 1960s and West Bengal since the 1970s. Off and on, Karnataka flirted with elected local governments. For the most part, however, state governments found local elected governments a constraint on their ability to create patronage chains and thus avoided them. The fact that it was political compulsion that led a few states to violate this norm—i.e., to actually institutionalize locally elected governments—only underlines the general point (Ghosh and Kumar, 2003).

In much of India government sponsored programs in villages were implemented by lower level bureaucrats, say the Block Development Officer, who worked closely with local politicians, say, the member of the legislative assembly, and a variety of local “big” men. The story of how these local elites appropriated much of the little that was intended for the poor is well known. The main point that is usefully reiterated is that, for some three decades following independence, most of India's rural poor were deeply embedded in a variety of patron-client relations dominated by propertied upper castes. This was not a fertile soil for social democratic interventions. Even if the commitment of the state elite to help the poor was genuine—which it often was not—prior preconditions for success were either mobilization of the poor, or forceful public intervention via well organized

parties and responsive professional bureaucracy. For the most part, these conditions were absent in India. As a result, *panchayats* either did not function or functioned mainly as agents perpetuating the status quo.

What about the few instances in which elected *panchayats* actually came into being well before the constitutional amendment of 1992? Maharashtra and Gujarat have long had elected *panchayats*. However, local governments in these states were really not redistributive, either in intent or in outcome. Both of these states are India's economically advanced states, and in both the growing economic pie enabled the accommodation of intermediate groups. The regional dominant castes -- Marathas in Maharashtra and the Patels in Gujarat -- were the main beneficiaries of the well functioning *panchayats* during the 1960s. With her populist rhetoric and intent, Indira Gandhi during the 1970s weakened *panchayats* in Western India, channeling resources via the bureaucracy instead (Ghosh and Kumar, 2003). For the most part, the lower level bureaucrats during the Indira phase were captured by local power structures and proved to be relatively inept as agents of redistributive development; a partial exception was Maharashtra's well known employment guarantee scheme, though this functioned as a result of several unique conditions and, even then, there is doubt whether the beneficiaries were the poorest of the poor (Bagchee, 2005).

Prior to 1992, the only state in which local governments effectively supported some redistribution and implementation of anti-poverty measures was West Bengal. The ruling communists in the state chose to penetrate the countryside by facilitating the election of "red *panchayats*" and then by channeling resources to these bodies. Since the landed elite were effectively isolated at the lower wrung of the state, the *panchayats* were

used to implement tenancy reforms and to pursue effectively the centrally sponsored schemes for the poor (Kohli, 1987). The success was notable but also partial. The power of Bengali communists in the countryside often rested on small land owners and tenant farmers rather than on the landless. This limited their redistributive intent; for example, they seldom pushed hard for higher wages for agricultural laborers, gains that would have undermined the income of their key supporters. Over time, moreover, new stake holders developed: school teachers, party functionaries, variety of white collar employees, small landholders, and tenants farmers whose security depended on the regime, all became part of West Bengal's "new class." (Ghatak and Ghatak, 2002) While the power pyramid in the state was definitely truncated, quite a few poor were still left out of the power structure. For now, even in a communist run state these poor must depend on a buoyant agrarian economy to improve their life chances.

Ever since the 73<sup>rd</sup> constitutional amendment that mandated elections for local governments, the issue that has again arisen is, can the dynamics of electoral politics be translated into gains for the poor? The few available studies of the subject are not overly encouraging. For example, there was much excitement among decentralization enthusiasts about Digvijay Singh's experiment in Madhya Pradesh. One recent study of the experiment concluded, however, that local governments in M.P. continued to exclude the lower strata and the level of interest in *panchayats* as agents of development was pretty low (Alsop, 2000). Another study found that the limited dynamism in M. P. depended nearly on a single leader, and a few "mission" oriented participants—traits that are not likely to be institutionalized—and that the "success" of most programs was "not too high" (Kumar, 2006, p. 85). In the case of Karnataka, at least one scholar found that

the refurbished *panchayats* are working well for the poor, even better than in West Bengal (Mullen, 2007). Her underlying reasoning is that electoral competitiveness in Karnataka inclines political leaders to seek the support of the poor by channeling real gains to them; conversely, the near hegemonic hold of the communists in West Bengal has made them at least complacent, if not corrupt. If borne out by further evidence, such findings are encouraging, because electoral competition is more likely to increase than decrease in the future.

The results of other studies are distinctly less encouraging. Gaiha et. al. (1998) analyzed the effectiveness of *panchayats* in implementing the Jawahar Rozgar Yojana (a public works scheme intended to create employment for the rural poor in the lean season). Using state-wise data across India, they found that majority of the beneficiaries of this scheme were not the really poor. While the design of the scheme was in part to blame (wages were often set higher than prevailing local wages, attracting those less-than-destitute), captured and unaccountable *panchayats* were also to blame, especially in a state like Uttar Pradesh. Another study analyzed the role of *panchayats* in the post-1992 period in provision of primary education and health in select states (Kumar, 2006, Ch. 6). The results are definitely mixed. Even the “red panchayats” of West Bengal have only recently made some efforts to improve literacy and health. Moreover, the “model” that seems to attract politicians in both Madhya Pradesh and West Bengal – states in which there is some enthusiasm for *panchayats* -- is the one that creates alternate pathway for the really poor, opening up the possibility of a two track system, one for the better off and the other for the downtrodden.

As one looks ahead, the types of redistributive programs that will be pursued in India are likely to be less-than-radical. Neither asset redistribution nor a basic shift in the growth model towards greater labor intensity is in the cards. As discussed above, past failures and the emerging pattern of state-class alliance at the apex preclude these options. What is more likely is that greater investments may be made in improving education and health, and in helping the poorest of the poor by creating public works type of employment generating programs. Some of these programs are already on the books. They are mainly a product of political pressures, some from those who represent the interests of the poor, and others because investment in “human capital” is deemed to be supportive of growth. The real issue with these limited programs is if they can be implemented properly. It is in this context that the role of *panchayats* becomes important. On the whole, the past performance of *panchayats* as agents of redistributive development has been discouraging. The factors that help explain poor performance in the past include the power of those with local influence, political and bureaucratic corruption, and low levels of mobilization among the really poor; none of these underlying variables is likely to change dramatically in the near future, though the poor may well push for policies that benefit them and their progeny.

**In Conclusion:** While the rhetoric of redistribution and social justice is deeply embedded in Indian politics, concrete redistributive achievements have been limited. These limitations are rooted in part in the nature of the society, but also in patterns of politics. The caste and class structure of Indian society, and the changing balance of class forces, especially the growing power of big capital, put definite limits on redistributive possibilities in India. However, politics also matters: ideology and

organization of rulers, quality of bureaucracy, mobilization of the lower strata, and of course, pressures of democratic politics, all have some bearing on the extent of redistribution and poverty alleviation. The concluding issue can thus be phrased as a speculative question: can democratic forces in India moderate emerging class and other inequities?

While my answer above has tended towards the negative, the evidence is also mixed, replete with tensions; the most significant tensions are worth underlying at the end. First, notice that, whereas India's main model of development is being driven by a close alliance of state and capital, in order to stay in power the current rulers (in July 2008, as this essay goes to press) need to accommodate communists and other left-leaning forces that are more representative of broader social interests. Second, below the near-hegemony that is evident at the national center, politics in state after state across India is moving in nearly the opposite direction; even in Uttar Pradesh, a party of the lowest castes and classes was just installed into power. And finally, whereas in the past members of the upper castes and classes readily controlled local governments, by now the process is a lot more complex, forcing the political and social elites to channel some resources to those below them to secure their political support. The narrow ruling alliance of a technocratic elite and business groups in India will thus continue to be under democratic and possibly not-so-democratic pressure from the excluded masses.

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