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**Political Institutions, Governance Crisis and
Economic Reforms**

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Most of the analyses of the economic reforms in India emphasize the economic crisis of the late 1980s as the principal factor that necessitated reforms. What has not been paid adequate attention to is the political: the state of the political institutions, role of political elite and nature of political processes. In other words, it is important to ask: How political institutions facilitated and responded to the reform process? What kind of ideological shifts legitimized reforms and made them acceptable? Why the political elite agreed to deny themselves of the resources that the powerful Indian state has placed at their disposal? Is it because of the elite perception that the Indian state has reached a stage where it is no longer possible for it to raise the resources that are adequate enough to satisfy the demands on it? Or, is it that its capacity to distribute the resources has proved to be incommensurate with the diversity and intensity of demands on it?

It is well argued that the regime of globalization institutionalized by the IMF, World Bank and WTO has impacted on the structure and capacity of the nation state that the drive towards the withdrawal of the Indian state from its earlier commanding position within the economy is a resonance of the global pattern. While not entirely undermining the importance of this position, the present paper shares a certain degree of uneasiness with the excess in the causal significance to the global factors and its explanatory power to account for the changes in the political systems and institutions in diverse national contexts.

In contrast, what this paper tries to do is to examine what has happened internally within Indian politics in the post-independence period and to seek an explanation for the shift in the direction of the role of the state that has paved the way for liberalization. The term 'direction' is critical here for it suggests that the move towards liberalization is not dra-

matic or sudden but is a result of a series of policies followed over a period of time. It is necessary to note that the political explanations for the state's liberalization policy have either emphasized the pressure from outside by the external agencies or the camouflage of the ruling elite in introducing the reforms. Needless to say that the above explanations by emphasizing the exogenous or personality and managerial factors have undermined the changes within the state structures and political system and their associated ideological representations and discourses and to that extent diluted the political analysis of the reform process.

This presentation attempts to look into the institutional crises and discourse shifts in Indian politics seen in a long duree perspective as the basis of understanding the reform process. The argument here is presented in four parts. The first part examines the process of institution-making after independence and discusses the paradoxes and tensions in it; the second deals with the growing challenge to hegemonic politics from different social forces, especially the subaltern social groups and the increasing asymmetry between institutional design and socio-economic processes under the pressure of democratic expansion; third part examines their implications for the legitimacy of the state, and the nature of the crisis of political institutions in India; the last part examines how this crisis has created a favorable political and ideological context for economic reforms and also a challenge for the governance reforms.

I

The institutional design and the ideological hegemony of the state in India is built on the legacy of the nationalist movement. Indian nationalist movement was multi-ethnic and multi-class and reflected a plurality of ideological persuasions. The Indian National Congress, the main actor in the nationalist struggle, was also not monolithic. The post-colonial reconstruction in a significant sense reflected these diversities and their contradictions. Two significant strands of ideological influences that can be delineated as dominant not only during the nationalist movement but also even after (the reference is to the invocation of Gandhi by a wide variety of civil society participations, especially in the

post-Emergency period) of course with an uneven impact and differential temporal influence and constituencies, are centred around the persona of Gandhi and Nehru.¹

The ideological marginalisation of Gandhi in the making of the post-colonial state is well known. The career of the modern Indian state is shaped by the Nehruvian modernity project, three pillars of which were secular pluralist nationalism, modern nation-state institutions and a developmental design that is shaped by the centrality of the state as an agency of planning and transformation. Centralized planning, mega developmental projects – termed curiously as the ‘temples of modern India’ – and bureaucratized initiative and implementation were the central instrumentalities for the realization of the Nehruvian project of modernity. This was in sharp contrast to the Gandhian ideals of micro, decentralized and participatory model of social transformation that envisaged the rural India as the site of action and as the centre of post-colonial reconstruction. In the prevailing intellectual context and dominant models of development in the post-war period, Gandhian ideas and ideals were seen as utopian and impractical, especially in building post-colonial India into a modern state and nation.

The intellectual support and ideological legitimacy for the Nehruvian project of state and nation-building in the immediate aftermath of independence was unparalleled. But as the project unfolded, its inherent limitations became apparent. Three elements of this could be identified for a useful analysis of the institutional map of the state.

Firstly, in sharp contrast to the nationalist movement, the Nehruvian elite in

¹ BR Ambedkar, the architect of Indian constitution who was a marginal figure in the pre-independence politics, has emerged as a counterpoint to the dominant discourse of and on Indian politics and as an icon of subaltern assertion against caste dominance and oppression since the 1970s. The dalit movements, quite interestingly perform two critical tasks: one, to show the institutional and politico-ideological limitation of the Indian state and stand up for the basic values of democracy, social justice and secularism enshrined in the Indian constitution; two, to pressurize the political system to adhere to these values and protect the socially and economically deprived social classes.

post- independence India evolved a strategy that involved demobilization with all the implications of the logic of it. This meant in a significant sense undoing the forces unleashed by the nationalist movement by pacifying them. For Indian nationalism was a movement that mobilized popular classes on a far greater scale than perhaps witnessed in the nationalist struggles anywhere else in the colonized world. The mobilization in the electoral process was rather ratificatory than participatory as the terms of reference were pre-determined rather than evolved. The statist bureaucratic model of development and transformation was incongruous with popular mobilization and in fact was premised on the demobilization design.

Secondly, the legal-institutional design elaborated by the modern state was in sharp contrast to the socio-economic map of the Indian society. The description of the unfolding transformation as one of the 'life of contradictions' by Ambedkar perhaps is an apt characterization of the post-colonial reality². While the constitutional-legal framework at one stroke delegitimised the normative system underlying the traditional Indian caste society, in practice it was poorly equipped for its effective translation into reality. The Indian National Congress relying on the non-discursive state bureaucratic agency neglected the political strategy of discursive mobilization. The deep social transformation required to make the Indian social reality proximate to the transplanted constitutional-institutional design required conscious mass mobilization. Thus it is no paradox that the statism of post-independence period within a short period saw a reaction in the increasing

² **BR Ambedkar stated in the Constituent Assembly:**

On 26 January 1950, we are going to enter into *a new life of contradictions*. In politics we will have equality and in social and economic life we will have inequality. In politics we will be recognising the principle of one man, one vote and one value. In our social and economic life we shall, by reason of our social and economic structure, continue to deny the principle of one man, one value. How long shall we continue to live this life of contradictions? How long shall we continue to deny equality in our social and economic life? If we continue to delay it for long, we will do so only by putting our political democracy in peril. We must remove this contradiction at the earliest possible moment or else those who suffer from inequality *will blow up* the structure of political democracy which we have so laboriously built up. [*Emphasis added*]

disenchantment with the state in the popular imagination and invited social movements of the lower orders against the growing distance of the Indian state from its stated promises.

Thirdly, the so-called national 'consensus' (inherited as part of the nationalist legacy and strengthened by the overwhelming electoral support) bestowed the Congress with the responsibility of state and nation- building. For this reason, it is no surprise that the Congress is equated in the popular imagination with the Indian state and national identity. It is no historical coincidence that the electoral misfortunes, organizational crises and eventual failures and decline - both political and ideological - of the Congress are seen as a punctuated orchestration of the decline of nationalist imagination and ideological capital that underlined the above consensus.

The above framework in spite of its serious limitations in sustaining an ideological hegemony and institutional efficacy has definitely led to the phenomenal rise of the state as the chief agency in the planning, mobilisation, allocation and distribution of resources. This has definitely led to the creation and cementing of a social constituency of beneficiaries, actual and potential. One of the remarkable consequences of the statism is the growth and elaboration of the middle classes. This has served two politico-ideological purposes – intended or otherwise. One, that the middle classes have created a layered support base and legitimacy for the state. Two, it is the strata drawn from the lower echelons of the social order – of course apart from the strata being reproduced from the already existing ones – that has been seen as the evidence of the possibility of socio-economic upgradation in the post-colonial period and for this reason it is also seen as an important social base of the legitimacy of the state.

The socialist promise of the state has served an important discursive purpose as the instrumentalities of public sector, control over private sector and land reforms have led to the conspicuous presence of the state with its elaborate machinery rather than to the stated objective of social and economic equality. Instead the growth of the middle class, drawn from varied social origins, accommodated in the state structures through public employment and political positions facilitated partly by the reservations in employment

and electoral representative structures, has been seen as symptomatic of socialism. Despite the hollowness of this type of socialism there is no denying the fact that the state has definitely led to the growth of the middle classes that served as the carriers of the message of consensus and as the social and ideological mediations across the social spectrum to sustain the legitimacy of the state.

Thus the process of institution making after independence contained tensions within it and led to unintended paradoxical consequences.

II

The national consensus built with the Congress as the main actor has lasted for a couple of decades broadly coinciding with the Nehru period. The mid-Sixties saw a substantial reconfiguration of the Oppositional politics the significance of which lies in its challenge to the hegemony of the Congress. The different shades of the reconfigured Oppositional politics could be broadly characterized as i) the systemic and ii) anti-systemic.

The major site of challenge within the system was the realm of electoral politics. The electoral defeat of the Congress in a number of states in the Hindi belt is a major pointer to the declining capacity of the Congress to ignite and sustain the political imagination of the popular classes. For these electoral challenges to the Congress were not merely episodic. The subsequent developments amply demonstrate that a process of shift in the social equations in the Hindi heartland was underway and the electoral outcomes were only symptomatic of the hollowing social base of the Congress. This analysis is vindicated by the near dismal presence of the Congress in these states in the subsequent decades.

What turned out to be relatively durable in the developments is the expansion of an alternative framework as evident in the increasing gravitation of politically conscious youth towards Lohiate ideological politics. The historical failure of this phenomenon lies in the fact that it did not result in any new paradigm of alternative mobilization and participation except being limited to the electoral arena nor did it result in any breakthrough in the developmental thinking. What it achieved is the self-assertion of the lower castes; but as it

turned out this was contained by the self-perpetuating elite from the lower castes. In other words, the above developments objectified the replacement of one type of electoral leadership by another without substantially altering the conditions of the subaltern caste-classes.³

The more radical critique of the post-colonial politics and institutions came from Jaya Prakash Narayan led movement. This critique was quite expansive as it questioned the established institutional structures like political parties, electoral representation and radicalized the notion of democracy. It is an evidence of the declining credibility of and rampant corruption in political parties, public institutions and bureaucracy that ideological anarchism of the JP movement could rally the disenchanting youth in the name of partyless democracy and total revolution⁴.

The above ideological perspectives emerging and developing as contra positions to the Congress' national consensus and its politico-institutional design built up an elaborate critique of the Congress hegemony and paved the way for its decline. The Congress in a big way experienced an ideological crisis in the 1970s and an accumulated consequence of this was the declaration of Emergency. The Emergency symbolized the fragility of liberal democratic institutions in this country.

The CPI (ML) movement can be read as a response not only to the systemic exploitation and inequalities but also an expression of the failure of the Left in the post-independence period to stand up to its historical task. The CPI (ML) led agrarian movements in fact

³ The reference is to Bihar and Uttar Pradesh where despite the Lohiaite leadership in power the ground realities have continued to be the same, in some cases the socio-economic profile has experienced a perceptible deterioration. What is however to be noted is the importance of the Lohiaite phenomenon in igniting symbolic politics.

⁴ It may be noted that the JP movement internally had a heterogeneous social composition. While its appeal among the subaltern social groups was quite significant, it was also seen as a credible anti-Congress platform by the right-wing political groups and dominant social classes and castes in north India.

made us sensitive to the growing restlessness in the rural India especially in view of the state's incapacity to translate into practice its declared policies of land redistribution, eliminating extra-economic forms of coercion, facilitating access to rural bank credit, improving irrigation, etc. If in the early phases the movement attracted urban idealist youth in the subsequent period it is the rural educated youth who gravitated to it. This movement, suffice in the present context to note, did demonstrate the growing disenchantment with the state in the rural countryside.

These movements in varying degrees show the growing distance and asymmetry between the institutional design and the socio-economic map. The most striking aspect of the Lohiate and JPite articulations was the drawing of the educated middle class youth away from the dominant political player, that is, the Congress. If they were paving the way for democratic expansion by trying to redefine the terms of participation by showing the limitations of the institutions in facilitating it, then the absence of a positive contribution in actually laying foundations for it is striking. The CPI (ML) movement, as suggested earlier, showed the growing subaltern discontentment with the state in the countryside.

The 1970s and 1980s also saw a different turn in the ideological critique of the state and the dominant discourse on development. This critique was in sharp contrast to that of the JP and Lohiate articulations, though certain degree of interaction between them did happen. For the movements in this period turned out to be more sustained and rooted in the localized everyday life and livelihood issues of ordinary people. What is noteworthy about these movements is their invocation of Gandhi. A very important shade of the environmental, anti-mega development project and women's movements and mobilizations against development induced displacement increasingly saw Gandhi as a source of the critique of the developmentalist state in India.⁵

What may be noted about these movements is that despite the apparent theoretical and politico-ideological promise they continued to remain dispersed critical reflections and

⁵ The critique here is premised on the inherent limitations and violent propensities of the rationality of modern 'western' science and technology.

could not evolve into an alternative. What these movements did generate was a critique that has gained a wider acceptability and demonstrated the inadequacies and failures of the state. The success of these movements could be seen in their influence on state policy.⁶

III

The crisis of the hegemonic Congress system under the pressure of electoral politics, challenges from the oppositional politics and social movements has its serious implications for the legitimacy of state institutions.⁷ The crisis of the Congress hegemony is almost coterminous with the crisis of state⁸ for the following reasons: i) the Congress leadership been instrumental in the building up of the constitutional-institutional map of India; ii) the democratic functioning of Indian state is identified with the Congress during its hegemonic rule in the early decades of independence; iii) the challenges to the Congress more often meant the undermining of the autonomy of institutions from the Congress party and its rule.

It is necessary to analyse the structure and logic of the crisis. This crisis could be mapped along three fault lines, the beginnings of which could be traced back to the 1960s though they became manifest in phases since the 1970s. Firstly, the strengthening of the regional

⁶ For instance, the increasing gender sensitivity in the policy process is a pointer.

⁷ This has been variously characterized by political scientists as crisis of Indian state, governance crisis, institutional decline or decay and lawlessness of the state as the state increasingly resorted to suppression of civil and democratic rights and violence. The literature is quite prolific. See, Kaviraj (1984); Kohli (1990); Kothari (1988)

⁸ Apart from the general disinclination to distinguish the Congress party from the state, the undermining of institutions is also because of rushing of plebeian class-castes into parliamentary politics without due appreciation of their history and continuing value for popular politics. Though as an aside, it may also be noted that the subaltern engagement with the parliamentary electoral politics has contributed new terms and categories to the political lexicon.

States vis-à-vis the centre; Secondly, the fluctuating legitimacy of the executive and legislature vis-à-vis judiciary and other state institutions; Thirdly, the decline of political icons and increasing delegitimisation of the political class vis-à-vis other elite groups and icons.

Reconfiguration of Center-State dynamics

The Seventies mark a decisive shift in the history of Indian federalism; the rise of the provincial States into political prominence being an important aspect of this. The Congress dominance both at the center and in the States in the early decades obscured the political prominence of the latter. Since the late-Sixties, with the emergence of non-Congress governments in the some northern States and the trend spreading to other States⁹ which have historically been Congress strongholds, each of these federal units started throwing up its own specific social dynamics and political configurations thus celebrating the diversities that are in tune with the historical specificities of multi-nationality character of Indian society and nationalism. What is interesting about this political development is the evolution of distinct political regimes in the State specific contexts that marked a clear distinction from the well-known Congress dispensation in terms of political structures, patterns of leadership, ideological character, and response to popular demands and aspirations and structure of governance and policymaking. The intolerance of the Congress regime at the center towards these formations only led to their renewed assertions, as the post-Emergency political scenario amply demonstrated.

The logic of the political diversity of the States could be seen impacting on the power structure at the center leading to the formation of coalition governments in the post-

⁹ Tamil nadu and Kerala in the south and some states in the north-east have historically displayed different non-Congress political trajectories.

Emergency period. If the Janata coalition in 1977 was the result of an exceptional popular reaction to the Emergency raj, then the formation of coalitional governments since 1989 at the center is a clear vindication of the fact that single party government at the center is a thing of the past. This change signified two shifts in Indian politics. Firstly, it brought the regional and even smaller political parties to the center of Indian politics thereby leading them to negotiate and bargain with the national parties and thus paved the way for power-sharing at the center. This has paved the way for the end of monopoly over and concentration of political power and arbitrary distribution and use of resources. Secondly, at an ideological level it also led to the challenge to the meta-narrative and normative frames of the Congress by bringing diverse vernacular conception of nationalism and state as alternative frames. The crisis in the Congress' macro framework also facilitated the expansion, albeit skewed, of the Hindutva nationalism as an alternative framework. Thus we see the flourish of plurality of discourses in the place of monolithic discourse of the earlier period.

Shifting intra-governmental power equations

The above political changes brought about a perspectival shift in the notion of political stability. Political stability could not be taken for granted instead it had to be bargained and balanced through tact and sharing. The result of this is a precariously balanced governmental stability with a prospect of perpetual fluidity. The fact that eight governments changed within a span of ten years between 1989 and 1999 is a clear evidence of the executive instability ensuing from the unclear legislative mandates.

The coalitional instability pointed to a deeper crisis of legitimacy of the executive and legislature vis-à-vis other institutions. According to the CSDS Post-Poll Survey conducted in 1998, while there was a steep decline in the popular credibility of the executive and

legislature, the institutions of the Election Commission and judiciary enjoyed greater credibility.¹⁰

The variance in the credibility of the different institutions is in harmony with the varying degrees in the exercise of power by these offices in the emergent scenario. This was not just a result of the extraordinary attributes or charisma of the persona occupying these positions but a consequence of the deeper internal changes in the institutional map of the state. As suggested above, the legislative instability resulting from the absence of a clear majority to any party in the central legislature gave rise to popular suspicion about both

¹⁰ The following question was asked to the respondents:

Q. "I would like to seek your opinion about different institutions in India in which you may have –
A good deal of trust,
Some trust
No trust at all"

In the options nine institutions were mentioned.
Scores in a descending order were as follow:

i)	Election commission	62%
ii)	Judiciary	59%
iii)	State Government	59%
iv)	Local Self - Government	58%
v)	Central Government	57%
vi)	Representatives	40%
vii)	Political Parties	39%
viii)	Bureaucracy	37%
ix)	Police	28%

(Source: CSDS Data Unit, CSDS, New Delhi)

What could be inferred from the above responses are: while on the one hand, the institutions with which people are in everyday contact are those which tend to be subjected to the test of trust more than those with which there is no regular interaction; on the other hand, the above data also points to the greater trust enjoyed by the local and state governments vi-a-vis the central governments. Despite the apparent paradox, it seems quite likely that while the proximity at one level exposes the functionaries to the popular perception, at another level it also invites their responsiveness for greater credibility.

institutions and personnel in the legislature and executive. In contrast, it bestowed an unprecedented responsibility and initiative on the office of the President of India both to check the undesirable practices like horse-trading and to supervise the formation of a stable and credible government.¹¹ Likewise the high stakes game that the electoral successes have become in the midst of intense electoral competition leading to an unprecedented use of muscle and money power brought an unusual prominence to the Election Commission.¹² This development is attributed by the media in search of easy answers to the persona of TN Seshan (the then Chief Election Commissioner) when as a matter of fact the charisma of Seshan worked precisely because of the high stakes that changed game of electoral competition and its informal rules.

Rudolphs tend to attribute the increasing prominence assumed by the judiciary to the judicial activism. It is true that the judiciary enjoyed hitherto unknown presence and acquired unusual symbolic resources. But to attribute it to the pro-active initiatives of the judiciary alone perhaps is a misjudgment of the scenario. The new judicial prominence is not so much its own making as much as a result of the moral and political depreciation of the legislature and executive. It would perhaps be apt to suggest that the surplus in judicial activism in fact came to the rescue of the legislature and executive to save them from the embarrassment that they quite often found facing¹³ and to regenerate or restore their institutional credibility and legitimacy. What has in effect happened is that judicial activism has become a mechanism for the executive (as a result of its incapacity to resolve political struggles by evolving a consensus) to transfer its responsibilities to the judiciary for resolution.

¹¹ An important development that we see is the increasing preference of ‘non-political’ personalities to constitutional and even political positions like President and Vice-President of India. This could be interpreted as leading to the ensuring of formal constitutionality of the positions that are demanded to play a crucial role in intensely contested political scenarios.

¹² For a detailed analysis of these developments, see, Rudolph, Lloyd I and Susanne H Rudolph (2001).

¹³ The reservation policy is an important instance of this.

Competitive iconisation

Indian politics always tended to be dominated by strong personalities. Gandhi during nationalist movement, Nehru and Indira Gandhi after independence symbolized the political spirit of their times. With the decline of the one party dominance and emergence of multiple personalities in different state political theatres there could be found a dispersed iconisation process and to that extent some semblance of democracy in it. The competitive iconisation in the 'regionalized' political field could be described as leading to the depreciation of icons and their symbolic power.

In addition, the expansion of the electronic media since the 1990s has led to a contradictory development. At one level, it has brought the political elite under the constant gaze of the camera.¹⁴ This has contributed to the credibility crisis of the political class and institutions by highlighting the mundane aspects of politics. As a result, the political class has lost its public image and charm. The over-exposure to the electronic media, as it were, robbed the political elite of its grandeur and enigma.

At another level, electronic media partly as a conscious design and partly under the pressure to fill the time, has brought other spheres of activity, especially those which have been known as glamorous and fashionable into visual prominence. The telecast time allotted to cinema, fashion and sports and the number of channels exclusively devoted to them prepared the ground for the sprouting up of icons from these spheres. The depreciation of political class coupled with the emergence of rival and glamorous icons from other spheres of life characterizes the present context.

The above discussion shows that the transformation of the political system, consisting of the increasing demand for delegation of political power from the center to the States leading to the resolution of tensions in India's federal system, the appreciation of the institutions like the judiciary and Election Commission resulting from the credibility

¹⁴ The Czech writer Milan Kundera says that the gaze of the camera is an inescapable reality of our times.

deficit of the executive and legislature and the depreciation of political icons and emergence of competing icons characterizes the politics of India in the last decade of the twentieth century. This decade also witnessed a remarkable shift in the economic policy – from planned command economy to a liberalized market one. Was the political transformation mapped above and economic policy change coincidental or could one see a logical relationship between these processes? The next section explores this aspect.

IV

The economic reforms in India have invited a wide range of interpretations with nuanced emphasis on specific political aspects.¹⁵ It is true that the 1980s have seen an ideological shift at a global level proclaiming the irrelevance of the state planned economy and emphasized the importance of market model of economic development. It is also true that the economic crisis compelled the newly elected Congress in 1991 to go in for the reforms; with a veteran Congressman in-charge, the Congress regime could go ahead with the reforms without making and hearing much noise about them.¹⁶

What is not paid sufficient attention to and emphasized is the crisis of Indian state and the changes in its internal institutional structures on the one hand and the assertion of the market and civil society as counter points to the state, on the other.

The crisis of Indian state, as suggested above, has three principal dimensions: i) the political economic; ii) institutional; iii) ideological hegemonic.

It is well-argued that the political economy of development in India has led to the realignment of the dominant coalition forged and sustained in the early decades of post-independence period.¹⁷ The realignment could be seen in the post-Emergency period along

¹⁵ For a critical review of the literature, see, Jos Mooij (2001).

¹⁶ This aspect has been emphasized by Rob Jenkins (1999)

¹⁷ Bardhan (1998).

the sectoral and class lines. As part of this process a section of the big business and the peasantry have started viewing the interventionist prominence of the state no longer as an enabling factor but as a serious constraint on their expansion.¹⁸ With the new knowledge economy gaining visibility and prominence and especially its capturing the imagination of the middle classes in India, the demand for the scraping of the license- permit raj gained increasing vocal support.

As argued above, the political institutions, especially the executive and legislature, have suffered serious erosion of credibility as a result of the rampant corruption,¹⁹ and the image of Indian state being a 'strong' one got altered as a result of the changes in the party system, intensification of political competition, emergence of coalitional governments and the presence of distinct regional regimes and their increasing assertion. What is emphasized here is that this changed institutional map in fact was incongruous with the state command economy and interventionist state. 'Less of such a state it is better' gained wider currency.

The career of the interventionist state, it is no exaggeration to state, was dominated and steered by charismatic leaders like Nehru and Indira Gandhi. It is not to suggest that state dominance works only when there are dominant leaders. But their iconic status definitely added and enhanced prominence of and the enchantment with the state. The decline of dominant political leaders and the emergence of the leaders of new knowledge economy as the icons²⁰ added glamour to the latter's pro-market argument and won ready admirers. Curiously enough, imitating them even certain political leaders emerged as icons of the pro-reforms.²¹

¹⁸ Within the peasantry while an overwhelming section continued to demand state protection, the Shetkari Sangatan of Sharad Joshi argued for liberalization of agriculture.

¹⁹ The reference is to the Bofors , Jain Havala, JMM MPs' bribery scandal, etc.

²⁰ The scope is quite spectacular as it ranged from international star like Bill Gates to our own Narayana Murthy.

²¹ SM Krishna and Chandrababu Naidu are two clear examples of this trend.

The middle classes, the creation of the post-colonial state, are critical to the process of ideological hegemony. The post-independence period has seen a phenomenal growth of the middle classes. The middle classes in India are quite a heterogeneous lot. For analytical purposes it would be useful to identify two categories: they are the anglicized metropolitan and the vernacular middle classes.

In the early decades of the post-independence period when the economy was growing there were opportunities for the latter to grow and join the ranks of the former. With the rapid privatization of quality school education and increasing neglect of public school system and as the opportunity structures shrunk since the 1980s, the gulf between the anglicized and vernacular middle classes grew phenomenally. The expansion of the new economy in the 1990s apparently held a promise to the latter as well but only marginally. This is on the one hand.

The phenomenal growth of the NGO sector since the late 1980s and its growing image as a contender to the state, on the other, had its impact on the vernacular middle classes both as a source of employment and also as a means of gratification of their professed idealism. (This is especially true in the States that have seen strong left wing, women's and dalit movements.) Thus enchanted by the promises implicit in the 'anti-state' rhetoric of the market economy and the NGO sector, the twin contenders for the space controlled by the state, the middle classes in varying degrees became the ideological support constituency of liberalization. The moves towards liberalization found support among them for it promised a new drive and energy in the economy. The symbolism of liberalization was found to be enchanting to middle classes in the country. The state neither displayed the enthusiasm nor had the resources to retain the support of the middle classes, though it needed them immensely for ideological legitimacy.

A critical change, it must be stated, that could be observed since the 1980s, is the rise of symbolic politics. Along with this could be seen a shift in the perception of the state from that of being an interventionist institution to a supervisory and adjudicatory one. Most of the subaltern movements with their increasing emphasis on identity, dignity and justice

look towards the state as an arbitrator. The resources for the realization of these aspirations are increasingly seen as available in the civil society domain rather than drawn from the state. The decline of the traditional class movements in the last couple of decades has further contributed to this perspective.

In contrast to the analyses²² that emphasise the economic reforms as the cause of the shift in the role of the state, we have suggested that the processes, institutional and ideological analysed above, are critical in the relatively smooth passage of the economic reforms. These processes long in the making also explain the absence of effective mobilization against, except for episodic instances of resistance to, the reform process. If these processes impacting on the perceptual changes on the ground acted as support mechanisms for the reforms, then the actual policy changes invigorated the shift of the state to its new regulatory avatar.

If reform process has to be successful it needs proper governance in place. For this an effective institutional structure that ensures accountability and transparency has to be in place. If the governance reforms, discursively seen as part of the reform process, have to be effective a proper diagnosis of what has gone wrong with the process of institutionalization has to be made. This essay is also in part an attempt in that direction.

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²² For instance, Rudolph, Lloyd I and Susanne H Rudolph (2001)

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