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India's Growth Trajectory: Insiders and Outsiders

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'India is Broken' indicts all but a few from the political leadership for India's economic failures. Does it fail to account for the challenges of building unity in a segmented society? Does it under-estimate the difficulty of consensus in a grossly unequal nation that gambled on universal suffrage?

As these lines are written, news reports bring stories of grief from India's north-east. In a sudden and unexplained moral fervour, the state government in Assam has been rounding up men who have entered the marital bond with under-age girls. Assam has among the country's highest rates of maternal mortality and female illiteracy, and the government has determined that child marriage is to blame.

The practice has for long flourished on the blind side of the law—one among many survival strategies for the deprived and disempowered girl child. The incarceration of their men makes victims twice over of the girls, now mostly grown to maturity.

Could the story of India's 75 years as an independent nation be told as the transformation of a reformist state into a carceral state? Has the social revolution, indeed the promise by India's first Prime Minister, Jawaharlal Nehru, to “wipe every tear from every eye” ended up punishing the poor for their poverty?

India's failure on the education front is a thread that runs through Ashoka Mody's very significant recent book. And within this sorry story, the betrayal of the girl child is an egregious sub-plot. Several East Asian countries, Mody points out, showed how health and nutrition benefits to the girl child are key to unlocking pathways to prosperity. India bungled that test from the very beginning of its life in independence and that legacy has stayed with it. When late realisation dawned, India had to step up the pace, running ever faster to merely stay in the same place. Primary school enrolment for girls ticked upwards, but the quality of education remained abysmal.

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Mody's chronological narrative begins with India's monumental miscalculation in its early years. The nation stood on the verge of a rapid demographic transition with death rates falling and birth rates still high. Economic opportunities had to be created to bring the growing and aspirational population into the mainstream of nation-building.

Facing the challenge of utilising scarce resources for optimum benefits, India's political leadership opted for dreams of industrial glory, promoting a constellation of heavy industries the country could ill afford. In the process, the country's real strengths in light industry with high employment potential were overlooked.

Mody identifies phases in the following decades when a corrective was sought for this original folly—as with the currency devaluation of 1966, Rajiv Gandhi's effort in the mid-1980s to loosen bureaucratic shackles, and the economic reforms of 1991. Yet these measures proved to be mere tactical adjustments to adversity. They restored some semblance of rationality in the use of scarce resources, but achieved little else. In almost every instance, a failure to develop essential human resources ensured that gains were briefly lived.

Compelled to sustain growth as a populist commitment, the political leadership at some stage sanctioned the invasion of the commons, allowing the despoliation of the environment, the destruction of forests, and the transformation of vital rivers into putrid sewers. With the final throw of the dice having failed and the momentum of the 1991 reforms wearing out within the decade, India moved to a growth path propelled by speculation.

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A boom in financial services, feeding off the frenzy of the share markets and the acquisitive urge of the great Indian middle class, fuelled an explosive growth in building. Glittering multi-storey housing and commercial malls came up on defunct industrial sites and the outskirts of teeming cities. Dreams were unleashed of new glory as a service industry superpower, only for the bubble to burst, first with the global financial meltdown of 2008 and then the collapse in 2018 of a major Ponzi scheme, the Infrastructure Leasing and Financial Services Ltd.

There was one part of the country—the western state of Gujarat with its long history of business and entrepreneurship—where the model acquired a political champion. Narendra Modi brought the fringes of religious extremism into the mainstream to gain the chief ministerial post after many phases of factional instability. The Gujarat model that flourished under Narendra Modi’s watch was, Mody argues, “marauding development on steroids” and a “bonanza time” for businesses, with free land handed over, large loans at virtually zero interest, massive tax concessions, and the most cursory of environmental assessments.

An ambitious reform of the value added tax involving complicated paperwork for millions of Indian enterprises further muddied economic prospects.

India’s reprieve from the financial crisis that ravaged the world economy in 2008 was brief. Public anger exploded as the ripple effects caught up at a later stage and the economy stumbled. Successive revelations about massive political corruption gave urgency to the elite call for an urgent overhaul. And the chief minister of Gujarat, now back in the national conversation after years under a stigma over his alleged sponsorship of a brutal round of communal violence, was the chosen one.

Modi’s tenure in national leadership began with a revision of national accounts statistics that fostered a statistical illusion of growth. In November 2016, he announced the demonetisation of 86% of the currency value in the economy at just a few hours’ notice. As the vast informal economy stumbled, unemployment spiked. A reform of the value added tax involving complicated paperwork for millions of Indian enterprises further muddied economic prospects. The Indian growth story was over by the end of Modi’s first term when the rot in banking balance sheets came to light.

And then came the global pandemic, which, according to all estimates, caused grievous wounds in India. A nationwide lockdown was announced with the characteristic penchant for surprise but little concern for the millions of workers stranded far from home with nowhere to go. In a lethal second wave that followed premature declarations of triumph, a few millions were killed—something the government refuses to acknowledge to this day.

Put simply, joblessness and a long tradition of making do have fostered a climate of normlessness. With no sustained growth dynamic through all its years, an inclusive democracy has turned in upon itself. India has observed the routine of elections in five yearly cycles but these have become splashy spectacles of power and patronage. Social norms of civility and respect, key to a well-ordered society, have been severely impaired.

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An individual with a dignified place in society, who earns respect and recognition for his contributions, gains a powerful incentive to sustain the harmony of the whole. But when reduced to driftwood, he cares little for norms. With the rich in India having rigged the game while mouthing pious homilies, everybody feels entitled to create his own rules.

Where does it all originate? For Mody, the answer is clear—“It all began with Nehru, although it nearly didn’t”. And the conjecture that immediately follows resonates with contemporary political revisionism—if Sardar Vallabhbhai Patel had in accordance with the rules of the Indian National Congress been party president at India’s independence, he might “well have been India’s first prime minister”. India, post-independence, would then “have taken a very different shape”.

It is generally agreed that Patel would have taken India along a different pathway, but would it have been the better one? Mody is non-committal here but makes note of Patel’s alignment with the more conservative factions within the Congress. Soon after independence, in 1950, Patel and Nehru engaged in a trial of strength over electing the Congress president. Patel won that round but died soon afterwards. A parting of ways followed, with Nehru forcing out Purushottam Das Tandon, Patel’s nominee as Congress president, accurately identified by Mody as a person of “narrow-minded Hinduism”. For the next three years, Nehru headed both the government and the ruling party.

“Fake socialism” is the epithet Mody bestows on Nehru’s effort at seeking industrial modernity. At the first test of the values it proclaimed, Nehru’s government floundered. Reforms in land ownership and tenancy were an urgent priority. The large zamindar, who served as an intermediary for the British Raj, had to be divested and his possessions distributed more equally.

The laws passed in most state legislatures though some were held contrary to the fundamental right to property by a judiciary just beginning to realise its role within the republican order. Laws that failed judicial scrutiny had to be given an additional armour of immunity.

These were untidy compromises driven by the compulsions of the moment and unsurprisingly, implementation of the radical “social revolution” agenda was patchy and indifferent. Nehru himself wrote to the chief ministers that failure in zamindari abolition would put the “social and economic policy” in jeopardy. And yet he also later conceded that the result had “not been what we had looked forward to”. This outcome was, Mody argues, inherent in the situation, since “Nehru had little appetite to challenge the landed interests”.

Would India have been better served by empowering the right wing within the Congress, as represented by Patel? Or was there a strategic benefit in keeping these factions at least one remove away from the highest tier of leadership? Some of Nehru’s goals were not achieved because he was shackled by the social coalitions that made up the Congress. But would the conservative faction have fetched better results?

Nehru had the charisma to sustain the Congress position as the dominant political force in newly independent India. But he was adrift of the dominant moods within his own party and sought comfort in an idealised world of imagination. That is a critique that Mody makes, as have others more sympathetic to Nehru and his project of modernity.

In a recent work on the “decay” of political orders, [Francis Fukuyama](#) speaks of India as a rarity in the modern world, where democratic practices have been sustained over the years and enjoyed widespread social legitimacy. Though participatory in all appearances, the Indian state has not been responsive to the aspirations of all social classes. The key question here is state capacity—does the democratically constituted political order have the legitimacy to “penetrate” the society over which it presides? And this is not about “despotic power”, which results in a narrow elite flourishing at the expense of all, but “infrastructural power” that shapes society.

What was the character of the Congress, which was the main platform of Indian nationalism and for the first three decades since independence, the party of governance? Though it spoke the language of inclusion, its leadership was securely in the hands of the upper castes.

A route to building state capacity could come through the creation of social coalitions that have a vested interest in “efficient, uncorrupt government”. This is often a story of reciprocal reinforcement through cycles of history—economic modernisation and urbanisation impose demands upon the political order, which is required to respond in a manner that will sustain these processes. Modernisation, Fukuyama argues, produces “new social actors not present in an agrarian society”. With no strong stakes in existing systems of patronage, these actors could “organise an external coalition to change the rules by which the system operates”.

What was the character of the Congress, which was the main platform of Indian nationalism and for the first three decades since independence, the party of governance? Though it spoke the language of inclusion, its leadership was securely in the hands of the upper castes. The Constituent Assembly was elected on a franchise involving just about a quarter of the adult population.

Universal adult franchise was an early commitment of the Indian Constituent Assembly, though there were voices, including Patel’s, that doubted its wisdom at that stage. The implications of this act of courage for a society segmented by caste did not escape even the most committed among the political leadership.

In one of his many missives to the chief ministers of states, Nehru spoke of the value of secularism as a vital value in 1954. The term did not acclimatise very well in India but conveyed a profound meaning, little less indeed than “social and political equality”. A “caste-ridden society is not properly secular”, said Nehru, and though averse to intervening in anybody’s personal beliefs, he was concerned that caste distinctions could become “petrified” and “affect the social structure of the state”.

Similar warnings had been sounded with greater urgency by B.R. Ambedkar in his valedictory speech to the Constituent Assembly. With its Constitution, he said, India was embarking on a life of contradictions. Politics would be a realm of equality, while society and

the economy would continue being steeped in gross inequality. This life of contradictions could not continue for long, and without the law and the state being empowered, could crumble from within.

Ambedkar is widely revered as the architect of the Constitution, but his place in the Constituent Assembly was won after considerable travail. He served briefly in independent India's first cabinet but cut himself adrift after Nehru buckled under pressure from within the Congress and abandoned the Hindu Code Bill.

At various points, Mody quotes the principal actors in moments of self-doubt. Nehru and Indira Gandhi, who succeeded him after a brief interregnum, are both quoted acknowledging the omissions in their economic vision, either offering no excuse or pleading some irresistible compulsions.

A year after being defeated by the Congress machinery in the first Lok Sabha election of 1952, Ambedkar expressed a renewed sense of scepticism about democracy surviving in the substantive sense. “We have a social structure which is totally incompatible with the parliamentary system”, he said in an interview with the BBC: “Unless you get rid of the caste system, you can't fix (it). ... I am quite prepared to say that it would take some time to fix the social structure if you want to fix in a peaceful way. But then somebody must be making the efforts to change the social structure.”

Ambedkar's name occurs not once in Mody's narrative, though he does at various points, quote other principal actors in moments of self-doubt. Nehru and Indira Gandhi, who succeeded him after a brief interregnum, are both quoted acknowledging the omissions in their economic vision, either offering no excuse or pleading some irresistible compulsions. Was political feasibility then the binding constraint? Did India's growth path track the limits of political feasibility? Or did the social configurations that prevailed at Independence ensure that the achievements were even below the feasible threshold?

The myth that Nehru was an impediment to saner counsel—particularly as represented by Patel—has acquired significant political traction. There is much substance in all that Mody says about Nehru's 17 years as India's helmsman, but the lack of a reference to the broader social context makes this narrative seem overly personalised.

Did India's growth path then track the limits of political feasibility? Or did the social configurations that prevailed at Independence ensure that the achievements were even below the feasible threshold?

India's First Five Year Plan (1951–1956) period was a time of hope and expectations, and most importantly, generous monsoons. Investments were not of a magnitude to stress resources, and soon after the end of the plan, it was declared a resounding success that prepared the ground for India's “big push” into the top league of industrialised nations.

This was, for Mody, Nehru's monumental folly. With little concern about getting crucial details of bureaucracy and service delivery right and little assessment of the country's true economic capacity, he sought a flight to the stratospheric heights of heavy industry. Alongside this vision of modern day “temples” embodying technology and industrial prowess, Nehru set his heart and mind on creating a network of advanced scientific institutions.

Mody sees this as escapism of a sort: Nehru got away from the bureaucratic rigmarole of making the administration work by seeking the company of scientists and men of industry. And the results were not benign. Nehru's insistence on heavy industrialisation on a scale that severely stretched India's earnings capacity necessitated every manner of control, empowering the bureaucracy with rent-seeking powers on an epic scale.

It all fell apart after Nehru's death. His successor, Lal Bahadur Shastri, was a pragmatist who saw the writing on the wall and prepared for a change of tack, including a currency devaluation and a thorough overhaul of investment priorities. There is a hint of regret in Mody's narrative that his death after a brief, 19-month tenure postponed a more serious reckoning.

Indira Gandhi did little to put the economy on a sound trajectory, dismantling all institutional restraints on the personalised exercise of power and creating a mystique around herself as a ‘champion of the poor’.

And then came Indira Gandhi, who pushed through some of the measures Shastri had contemplated as a survival imperative. Beyond this, she did little to put the economy on a sound trajectory, dismantling all institutional restraints on the personalised exercise of power and creating a mystique around herself as a “champion of the poor”. Indira Gandhi merits extended treatment in the book, since the

gradual erosion of norms India had witnessed in early years became a thorough rout during her years in power.

This part of Mody's narration attracts a few more questions of the counter-factual kind. Was India committed, by the early actions of its leadership, to a pathway from which there could be no later deviation? And if the early political leadership felt compelled in the formal sense to speak about social transformation, was it in later years prepared to tailor its agenda to existing hierarchies of status and wealth?

Indira Gandhi was a key figure in this transition but she was just barely successful in managing the complex factional dynamics within the Congress party. Her successors managed to stay afloat when contingent electoral dynamics worked to their advantage, but the descent of the Congress into a morass of ideological and strategic confusion has empowered the right wing as never before.

Viewed through this prism, could we actually draw that line of direct descent from Nehru, through Indira Gandhi, onwards to Narendra Modi? That would be an ambitious project but perhaps unrealistic. Politics may have been a binding constraint, but its rhetoric has changed and the mode of its practice today, feeding off the demonisation of a minority, is quite distinct. Was this transformation foretold by the path that Nehru embarked upon: from an idiom that spoke the language of inclusion, to the vision today that political scientist [Christophe Jaffrelot has identified as bearing all hallmarks of “ethnonationalism”](#)?

Mody provides a very attractive flourish with the constant portrayal of the zeitgeist of the times through narratives from contemporary cinema. He brings back vivid memories of Indian cinema's great masters—K.A. Abbas, Bimal Roy, Guru Dutt, Raj Kapoor, Satyajit Ray, and Ritwik Ghatak. He places the emergence of the vigilante film hero of the 1970s in the ebb and flow of the Indian popular mood. Social identities are alluded to in these films, though without great specificity.

Identity was once granted its space in the public sphere because equality was not an assurance the Indian state could deliver on. But identity now seems to have become explicitly the basis for exclusion from a share in national life.

Yet, Mody may have failed to ask if there has been a time when the Dalit or the Adivasi has been portrayed in film with anything like the authenticity of their way of life. How far has that way of life, which in a genuine democracy should have had an influence in determining national policy, really mattered within the elite consensus? And could a political system that sought to co-opt the Muslim elite and a thin strata of the emerging Dalit and Adivasi middle class into the upper caste hegemony, really be considered the precursor to today's harsh majoritarian dispensation?

In the 1990s came India's turn towards market reforms, which formally banished distributive justice in a context of persistent and deepening inequalities. Mody's enthusiasm for the free market is tempered by a sense of regret that India's reforms remain half done. But it is hard to see how he can construe the distributive relations of the market as a corrective for India's deeply embedded inequalities, when State capacity is really the issue. Identity was once granted its space in the public sphere because equality was not an assurance the Indian State could deliver on. But identity now seems to have become explicitly the basis for exclusion from a share in national life. For those living through the downside of India's economic trauma, there is no room for despair. Reassembling the pieces of a broken nation is an urgent priority.

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