A remarkable convergence has taken place among major political parties in India around the issue of industrialisation. The traditional Left is converging rapidly with the Right, and irrespective of their stated political colours, and all the major parties in Parliament are merging into a colourless homogeneous mass, and a common economic agenda. Is it not Lenin who had said somewhere that economics is nothing but concentrated politics. By that criterion, political parties are now almost identical in their “concentrated politics”, their differences carefully restricted to political rhetoric to keep the show going. The result is mind-boggling double talk. Insofar as the traditional Left is concerned, first Singur and then Nandigram drove home the point that the Left politicians think the same way as the “dream team” of economic policymakers at the centre, who live constantly on the oxygen provided to them by the World Bank, the International Monetary Fund and the Asian Development Bank. The cultural nationalists of Hindutwa variety become ferociously aware of their culture only when it comes to Ram Mandir or ‘Vande Mataram’, but surrender gladly to foreign multinationals. The Congress Party has a remarkably short memory about the Sikh massacre of 1984. The Left parties breathe fire about the Gujarat massacre of 2002, while Bharatiya Janata Party covers it up with false propaganda and manipulation of the state machinery. Then Nandigram massacre happens in 2007, and Advani compares it with Jallianwalabagh, conveniently forgetting Gujarat, while CPM leaders and the faithful intellectuals shirk responsibility, calling it an unfortunate incident that happened accidentally. The killing of 13 tribals in Kalinganagar in 2006 by the police bears an uncanny parallel. The tribals were refusing to hand over their land to the same Tatas in Kalinganagar, just as in Singur the peasants are resisting and in Nandigram they have resisted. Chronological surveys of field reports in all these cases make clear that these were premeditated actions by the state authorities to test the waters, and see how far they can go in pushing their version of industrialisation. It is even justified by blaming those who oppose such policies as anti-industry and anti-progress.

And yet, industrialisation per se is not the issue; instead the disagreement is over the answers to three interrelated questions that lie at the heart of any process of industrialisation: (1) Who is the central actor driving the industrialisation process? (2) What is the sectoral commodity composition of output produced by industrial growth? (3) And finally, who loses and who wins in this process?

Briefly, the answers to them define the quality of industrialisation.

We have much more control over the quality of industrialisation now than we had in the 19th century. There are various ways of industrialising as we know from the experiences not only of early capitalism and centralised bureaucratic socialism, but also from post-socialist and late capitalist attempts. Industrialisation as these experiences have shown, is not merely an instrument of economic growth, but it also has an inbuilt mechanism for distributing the costs and benefits of growth. The ruling neoliberal ideology pretends that the benefits of high growth trickle down automatically to the poor, but this proposition is not only empirically dubious; it is politically foolish in a parliamentary democracy, because the speed of trickling down remains unspecified while the government has to maintain a minimum degree of legitimacy to win elections. Not surprisingly, the “Shining India” slogan
crashed, and some of our most prominent liberalisers have hardly proved their ability to win an election!

India’s recent high growth accompanying the process of industrialisation answers unambiguously the question as to who is in charge of this process. It is led by corporations, which are mostly private. The role that the governments have assigned to themselves both at the central and at the state level is that of a promoter, an agent of private corporations, not one of a regulator between big business and poor people. In this context we are repeatedly reminded that industrialisation has its costs, but it is conveniently left unsaid that the cost must be borne by those who are least capable of bearing it, the poor and the most marginalised sections of the population. The rich corporations on the other hand are subsidised handsomely by the governments in various ways, e.g., in CPM-ruled West Bengal, for the Singur car project, the estimated subsidy to the Tatas is over Rs 850 crore for an investment of Rs 1,000 crore. Similar deals were said to have been made with the Ambanis, for one brother in Dadri, Uttar Pradesh and for the other in the special economic zone (SEZ) in Raigad, Maharashtra respectively.

Against the Poor

In the name of high growth, industrialisation works ruthlessly against the poor majority denying them real political options within the orbits of our existing parliamentary democracy. A spectre of despair and popular anger is stalking in all corners of the country. Farmers are committing suicide in hundreds especially in Andhra, Punjab and Maharashtra, because the government wants to usher in a new type of commercial agriculture under the World Trade Organisation with expensive inputs supplied by multinationals. In Jharkhand, in the name of fighting extremism, tribals are being evacuated forcibly in thousands from their villages under Salva Judum to be huddled in Vietnam-style concentration camps, while the corporations eye greedily their mineral resource rich land. Only when the people resist with their lives the destruction of their livelihoods, as in Nandigram or Kalinganagar, the governments are forced to take a step backward in this ruthless process of industrialisation. The recent episode of the revision of SEZ guidelines is an obvious case in point. It is becoming increasingly clear that it is not a democratic government which works for the people; it works for the corporations in the name of industrialisation unless people are able to resist it.

Since land is a state subject according to the Constitution of India, acquiring or not acquiring land is the prerogative of the state government. And yet, irrespective of their political labels, land is being acquired by various state governments in a competitive race to the bottom in servitude to win the favour of the corporations. This has the full legal and moral support of the central government, but the state has full constitutional power not to oblige. Land is being acquired in different guises, for mining, for the location of industries, for large estates and information technology parks and finally for SEZ under the “eminent domain” clause which allows the state to override private property right in land in “public interest”. Land being the largest, primary source of livelihood in the
agrarian economy becomes the most ob-
vious case of forcible transfer of resources 
from ordinary people to private corpora-
tions, destroying livelihoods, and displac-
ing people. In this process, invariably the 
gainers are the corporations and losers are 
the ordinary people connected to land in 
many ways, the peasants and tenants, 
aricultural workers and artisans, tribals 
and fishermen. The SEZ became the most 
grotesque reminder of this pro-corporate, 
anti-people bias built in this model of 
industrialisation. Only rising popular re-
sistance could force the government to 
moderate its stand, but the difference 
between acquiring SEZ land, and land for 
mining or industrialisation is very little 
insofar as the destruction of people’s live-
lelihoods and displacement are concerned. 
The issue is therefore not merely SEZ, 
but whether an alternative model of 
industrialisation more friendly to the poor 
is feasible in today’s India. To answer this 
question, we must consider the second 
question posed earlier but left unanswered 
so far: what should be the sectoral com-
position of India’s industrial growth? 
Although land is the most visible symbol 
of transfer of resources to the corpora-
tions, the transfer mechanism is more pervasive, 
working systematically against the poor 
both directly and indirectly. For instance, 
the direct bias is seen in plan allocation. 
Despite over 60 per cent of our working 
population living in agriculture, recent five 
year plans under different governments 
could allocate less than 5 per cent of planned 
investment to agriculture. The indirect bias 
operates pervasively through the pattern of 
consumption and production promoted 
consciously by the state. Mammoth projects 
try to create the impression of urban glossi-
ness with fancy malls, underground metros, 
flyovers, etc., at public cost. We take it for 
granted that many of these public utilities 
are essential for efficiency, saving time in 
travelling, improving the quality of life, 
even for attracting investment. We need 
even more desperately higher efficiency 
and better quality of life in rural India 
where the majority lives. 
The promotion of such consumption and 
production patterns is not merely iniqui-
tous, it is detrimental to real development 
involving the poor. It certainly benefits the 
urban elite population, and leads to uncon-
trolled urbanisation and mega cities with 
growing hunger for energy, water and urban 
housing space. We are told that world class 
cities are our goals, so slums have to be 
cleared without providing resettlement. 
Livelihoods of both urban and rural com-
unities have to be destroyed for expand-
ing and modernising the cities. In the 
process the modes of transports we are 
creating with more flyovers for cars, bigger 
airports, the shopping and housing complex 
we are promoting become in-
creasingly energy intensive, and the 
majority of our ordinary citizens who do 
not consume them also have to pay directly 
or indirectly for this pattern of consump-
tion. This is why farmers get less water for 
cultivation, are starved of electricity in 
critical periods, clean drinking water or 
proper sanitation is a luxury in villages. 

Productivity Differences

The deepening crisis of Indian agricul-
ture is largely the accumulated result of 
this bias. With almost two-thirds of our 
workforce in agriculture producing hardly 
over one-fourth of national output, output 
per worker in agriculture is about 40 per 
cent of national average today, it was about 
48 per cent in 1993-94 and over half in 
1987. In contrast industry and service have 
have a labour productivity double the national 
average and the gap between the agricul-
ture and the non-agricultural sector is 
steadily growing. Direct estimates indicate 
that labour productivity in manufacturing 
early doubled since 1991, and in services 
it increased even more while in agriculture 
it increased not even by 10 per cent. 
This is the result of two sets of factors. 
On the one hand, selected non-agricultural 
products consumed typically by the rich 
command a higher and higher price (think 
of real estates, fancy apartments, cars, 
restaurants, etc), as the rich become richer 
with even more purchasing power to buy 
these goods. This is a vicious circle of 
cumulative causation, of mutually rein-
forcing positive feedbacks created by 
economic liberalisation with little concern 
for the poor. Higher growth is then achieved 
by transferring more and more resources 
to the so-called high productivity sector 
producing for the rich in the name of 
comparative sectoral advantage, while the 
higher demand from the rich keeps the 
apparent sectoral productivity and corpo-
rate profits high. It benefits enormously 
large corporations which organise this 
pattern of production for profit, and the 
privileged sections in India rejoice at the 
economic progress the country is making. 
The other side of the same process is to 
deny resources to the poor in the rural 
economy because they have no purchasing 

power. So money is not found for basic 
health or education, for local investment 
to create employment by the panchayats 
or for two square meals for children. The 
annual tax concessions to big business 
envisaged originally in the SEZ proposals 
is estimated to have been about five times 
the annual national rural employment 

guarantee budget; alternatively it could 
feed some 55 million people a year! 
It is foolish to expect that despite all the 
subsidies and transfers in their favour, 
corporate-led growth can create sufficient 
employment to transfer sufficient labour 
from agriculture to industry and services 
in the foreseeable future. The corporations 
are in the game of making profits by cutting 
costs, including labour costs. They create 
more output per worker but not much 
employment. One example is the Tata steel 
in Jamshedpur which increased its annual 
production five times, from 1 to 5 million 
tonnes between 1991 and 2005, but nearly 
halved its work force from 85,000 to 
44,000. Consequently India’s record of 
employment generation in recent years has 
been dismal. An 8 per cent growth in 
output led by corporations has been ac-
companied by about 1 per cent growth in 
regular employment, and the increase in 
irregular employment is marked by flex-
ible contracts loaded against the workers. 
It should be realised that the more we 
accept the logic of corporate growth and 
globalisation unconditionally, the stron-
ger would be the depressing effect on 
employment generation. In particular, the 
increased relative importance of the exter-
nal over the internal market due to 
globalisation, would mean cutting labour 
cost even more drastically by the corpo-
rations to be internationally competitive. 
It is not an exaggeration to say that the 
current model of industrialisation amounts 
to a process of internal colonisation. It 
needs forcible displacement of tribals for 
control their mineral resource rich land; it 
means destroying the livelihood of the 
peasants and others connected with land 
to make place for industry; it means de-
stroying the livelihood of peasants, boat-
men and fishermen to set up large dams 
on rivers for hydroelectric power to feed 
large corporations and big cities. It is a 
pattern of growth which immiserises 
ariculture and the country to make cor-
porate-led industrialisation possible. 

An economic alternative creating another 
kind of development is imperative. It is 
feasible, and elements of it exist even in 
the present political-economic system. Very
briefly, it has to be based on three basic premises. First, we must learn to rely far more on the internal rather than the external market. The biggest driving force of the internal market is the purchasing power of the ordinary people derived from employment growth. Growth of the internal market through rapid employment growth, requiring a far more selective approach to globalisation, is essential rather than repeating the mantra that there is no alternative to this corporate-led globalisation.

Second, economic growth must be the outcome of employment growth. Our benchmark should be a time bound programme for full employment. How much the growth in employment would contribute to growth in output depends on how productively labour can be employed. India performed poorly in this respect because a bureaucratised system of central control killed local initiatives. We have to start by rejecting, simultaneously, socialist orthodoxy of central planning and corporate oriented neoliberalism. On the one hand, we have to get out of the grip of corporate led industrialisation by making agriculture and the rural economy the centre of economic dynamism, and on the other we have to break the grip of current centralised bureaucratic decision-making. A start can be made here and now by extending the present national employment guarantee scheme to an ambitious time bound full employment programme, and delegating much of the decision-making power to the maximum to the panchayats and local bodies. They must have maximum freedom and responsibility to identify, formulate and execute local employment generating productive projects. A precondition for this is fiscal autonomy for the panchayats. No government, central or state, is willing to do this yet although the provision was made in 1993 for a finance commission to make panchayats financially self sufficient. The record of Kerala has been the best while that of West Bengal has been among the worst. Acknowledging that the Left Front played a role in getting NREGA enacted, it is shocking that only 14 per cent of the money allotted in the poorest district of Purulia for employment guarantee was spent until December 2006, more than half the money of employment guarantee provided by the centre remaining unspent in the state, and not more than 16 days of employment provided while the legal and financial provision allows for 100 days. (Reports from other states too show a more or less similar situation with an exception of certain areas.) If the governments had shown the same zeal in making a success of employment guarantee as they have shown in acquisitioning land from the unwilling peasants, we would have taken at least the first step towards a genuine process of development.

**Question of Finance**

Finally, there is the question of finance. Where would the money come from for such an ambitious employment programme, and how to make sure it is spent effectively? The Fiscal Responsibility and Budget Management Act (2003) which ties the hands of the government in spending money for most pressing needs like employment guarantee must be scrapped. With this Act the centre pushes privatisation to raise money, denies basic health and educational expenditure, and restricts the role of public policy in the name of financial discipline. This suits well the IMF, the World Bank, and the national and
multinational corporations which all want
the state to promote but not to regulate
them. This is where the Left should have
its biggest battle, and insist that money that
is needed for employment, basic educa-
tion, health and social security of the
unorganised workers must be found, if
necessary by revising this law. Because,
underlying this fight is the bigger issue of
redressing the existing bias in resource
transfer against agriculture and the poor.
Unfortunately, the Left went along instead
with the neoliberal economic ideology
with only a whimper of protest, and con-
centrated their energy on corporate-led
industrialisation.

The money for employment generation
can be kept in a separate account in nation-
alised banks with credit line extended to
panchayats. This would avoid duplication
of institutions, while a system of mutual
checks and balances between the pancha-
yats and the local branch of nationalised
banks can be devised based on their per-
formance as borrowers and lenders. Banks
would lend the next round only if the
previous project succeeds, and panchayats
can borrow the next round only if the
money is well spent. It might turn out to be
a situation akin to “repeated games” in
which both sides gradually learn to recog-
nise the mutuality of their interests, paving
the way for genuine cooperation over time.
It is this mutuality of interest which has
to be strengthened over time in creating
new institutional forms of sustained
decentralised financing for development.

A programme of decentralised, employ-
ment-intensive, rural industrialisation
through participatory democracy at the local
level is no utopia. It is the compulsion of
our time. It is the only process of indus-
trialisation that this vast and meandering
democracy of enormous poverty can sus-
tain and strengthen over time to give dignity
to all its citizens. The quality of our in-
dustrialisation would have to improve
through improving the quality of our
democracy, as the two would reinforce one
another gradually over time. However, to
pretend this can be achieved through
corporate-led growth, no matter how high,
is to live in a make-believe world. It is a
world which will collapse, and make space
for this alternative model of industrialisa-
tion to serve not the corporations, but the
poor people of India.

Email: abhaduri40@hotmail.com

[I am indebted to Madhu Bhaduri, Medha Patkar,
Romila Thapar and Aseem Srivastava, although
none of them might share all my views.]