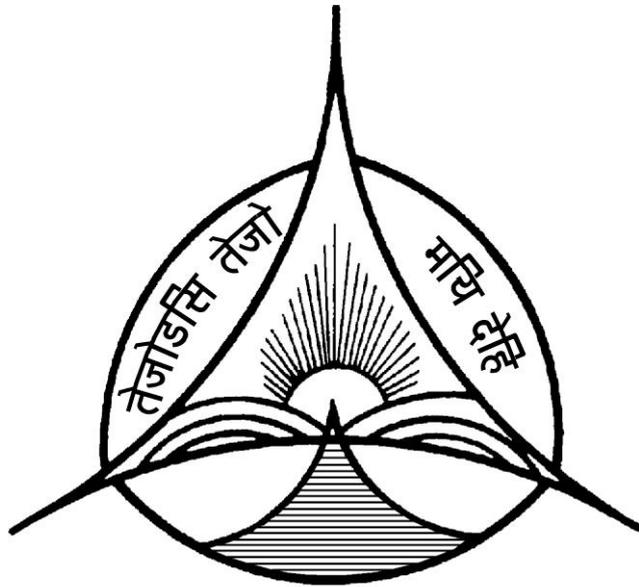


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State and Capital in Independent India: Institutions and Accumulations by Chirashree Das Gupta, New Delhi: Cambridge University, Press, 2016

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This book is an exceptional contribution to the political economy of the state–capital relationship that underlies different historical policy regimes. The question at the heart of the book is: what is the specific relationship forged between capital and state at different historical junctures, given that no efforts were made to address the non-capitalist social relations. The state–capital relationship and policy regimes to facilitate capital accumulation across three historical periods (1947–66; 1966–80 and 1980 to the present) are interrogated. The discussion on capital is nuanced by factoring in Indian and foreign; big, medium and small; and mercantile and industrial. The author, much like other political economists working on India, demonstrates that as the state and the market cannot be naively pitted against each other, neither is liberalisation a triumph of the market over the state. A materialist historiography is employed to analyse a wealth of new historical and contemporary evidence in the form of archival material, quantitative and qualitative data, case studies based on business histories, parliamentary debates, surveys and primary interviews.

Contrary to popular opinion that India had a socialist style of development up to 1990, the author shows the shift from dirigisme to neoliberalism through a close reading of the state–capital relationship, starting from the first decade of independence. The early years of the 1990s are not seen as the beginning of neoliberal reforms, but as an acceleration of policies emerging from the changing needs of capital vis-à-vis the state that creates a path and pushes for deregulation to liberalisation. The book is then a new contribution to the political economic reading of the state–capital relationship. The ‘crisis period’ of 1965 and 1980 is shown to have paved the way for the ‘new economic policy’ of the 1980s which, in turn, led to the reforms of the 1990s. Although the First Plan period had a focus on capital formation, it was not clearly reflected. Formal planning began in the Second Plan. The author shows how support for capitalism is provided through a depression of wages, creation of a variety of rents, a system of tariff and non-tariff barriers which help manage foreign competition without excessively alienating them, expansion of capital for public investment, and an increase in indirect taxation to fund this investment. Planning began in India without any change in the social relations or disciplining of the capitalist class.

The author shows how the state facilitated primary accumulation by providing institutional structures as the capitalists began to organise themselves into interest groups. This was done through spheres of ‘intervention’ and ‘non-intervention’. The author argues that the two institutional structures which led to capital concentration and specific patterns of accumulation without upsetting the non-capitalist social relations are property relations and business ownership through the Hindu Undivided Family (HUF).

Land reforms or even the abolition of intermediaries were not undertaken to preserve the concentration of wealth in a few hands. Without a direct taxation of the agrarian landed elite, the land became a commodity and a power class of intermediaries emerged. This class thrived both with the non-capitalist modes of surplus extraction and the changing structures of the Indian state. They also maintained significant political connections, ensuring that agrarian relations remained unchanged. Women were not allowed to own title deeds, despite constituting a bulk of the agricultural labour force. The author argues that ‘agrarian class relations were embedded in caste and gender’.

The author goes on to show how the HUF functions as a legal entity that skews the property relations in favour of the Hindu man at the cost of other religions and the women in their families. Preserving the personal laws dating from the colonial period, caste, religion and patriarchy through the HUF are institutionalised and become the basis for the organisation of business groups. In the post-liberalisation period, the HUF continues to facilitate tax savings, not only for joint families, but upwardly mobile Hindu families in India and Hindu NRIs. In the year 1997–98, the number of Hindu undivided families doubled as compared to the previous year. It also registered a double-digit annual growth in eight out of 20 years between 1990–91 and 2009–10. The HUF blurs the boundaries between ownership and control, and accounts for the complex corporate holdings and interlocking directorates.

The author shows how the HUF defines the social ownership basis of 10 Indian pharmaceutical companies. The state–capital relationship is explored with a specific focus on the issue of technology constraints in the pharmaceutical industry. India ranks among the top five bulk drug manufacturers in the world, despite the abysmally low (0.9 per cent) public expenditure on health. The success of the Indian pharmaceutical company is traced to the Indian Patents Act of 1970, which recognised process patents as opposed to product patents. This allowed Indian manufacturers to domestically manufacture drugs through a process of reverse engineering. The Monopoly and Restrictive Trade Practices Act 1970 (MRTP) and the Foreign Exchange Regulation Act 1973 (FERA) also helped promote new and indigenous businesses as opposed to the MNCs. However in 1995, through an endorsement of the Trade-related Intellectual Property Rights (TRIPS) a 20-year product patent was reintroduced. This, the author argues, led to depletion in the production base of the industry, a decrease in the number of drugs under price control, an increase in job loss, and a decrease in wages of the workers in the pharmaceutical industry.

This book facilitates an understanding of the stubborn structural reasons that govern the contemporary processes of development and underdevelopment in the country. Some of the questions it begins to answer by paying close attention to historical structural reasons are: why is there a bonhomie of the interests of the state and that of big capital in the country?; why is wealth concentrated in a few hands, thus increasing inequality in society?; why and how has the quality of labour declined?; why has there been a casualisation of labour?; is cheaper labour a central way for accruing profit for the capitalists?; how and why has inequality in property ownership been structured around gender and religion?; why does the capitalist class in the country get away with paying little tax?; and why are women treated as second class citizens in the country?. Through a political–economic engagement with these questions, the book provides the framework for engaging with the nature of modernit(ies) that we encounter in post-colonial India. A skilful handling of data, placing it in conversation with

the existing material on the Indian economy, capital and state, neoliberal rhetoric and neoclassical schools of thought that pass off as the truth(s) of our times are effectively countered. This work is a recommended read for those who wish to understand the political-economic nature of Indian capital and state.