Chapter 2
Democratic Politics, Economic Reforms and Urban Middle Classes

In the previous chapter we have studied how middle class population has multiplied in Chandigarh on account of various factors and how economic reforms have proved to be a determining factor in this growth. The growth of middle class in Chandigarh can be viewed as a representative of the similar phenomena of ‘inflation of middle class’ in the developing urban sphere in rapidly globalising India. Through the preceding chapter the researcher has attained the first objective of identification of the urban middle classes in urban Indian politico-economic scenario with special focus on Chandigarh. The growth of middle class in Chandigarh, especially after economic reforms has also been studied in detail. To this point the present research has made an attempt to establish a link between the economic reforms and the growth of middle class in Chandigarh. Focus has been on the process of liberalisation which has obvious implications for this class. However to arrive at the point where we can discuss and analyse the research question, we need to have a look at the various concepts and the intricacies that surround the topic of this research.

In this chapter the researcher has tried to explain in brief, 1) The background to, the need for and the implications of the process of economic restructuring (read economic Reforms), 2) the relation between the economic reforms and democratic politics, 3) the relation between urban middle classes and the economic reforms and 4) the relation between democratic politics and the Urban Middle Classes. The emphasis has been to explain the latter with a perspective which takes into account the role played by the economic reforms in the determination of democratic process and also the course of economic reforms as determined by the democratic process. In other words the chapter

aims to explain the tripartite equation between urban middle classes, democratic politics and the economic reforms in the context of increasing assertiveness and role of urban middle classes in today’s liberalised political environment78.

**A Background to the Process of Economic Reforms**

In order to explain the term ‘economic reforms’, we need to delve into the various aspects which led to a strategic shift in the functioning of our economy since 1991. Immediately after independence, the nascent Indian state had adopted the State dominated economic Planning where the government would determine the course of economy and the share of resources to be allocated to each sector. The state was given the all pervasive role in the economy and private sector was given the minimal role. Thus the Indian state adopted the mixed economy model which was supposed to combine the advantages of both the capitalist ‘Market Economy Model and the socialist ‘Planned Economy Model’. However this led to a number of rules and regulations which served hindrance to the objective of development and growth. The huge public sector was turned into a haven for inefficiency. The production declined in the face of little competition to the domestic industry. Quality suffered and no growth was visible. The ‘import substitution policy’ of the government had its own pitfalls. There were a number of duties and restrictions on imports which ultimately led to the decline in domestic production due to lack of technology and expertise and also due to unavailability of cheaper and superior intermediate goods. The Economy virtually became isolated to the outside world.

However in 1980s things began to change. The government of the day took some measures to boost the business by opening up the economy79. In this regard Atul kohli points out how ‘Indira Gandhi during the first half of the 1980s abandoned a commitment to redistribution and recommitted herself to a “growth first” model of development and in this pursuit tilted the policy process in favour of big business, against the labour and to restructure the state’s own role in the economy towards growth promotion’ and then ‘Rajiv Gandhi and his advisors decided from the onset to emphasise a break from the past’. He goes on to say,

“Rajiv Gandhi dropped the pretense of socialism altogether and openly committed his government to a new “liberal” beginning. Among Rajiv’s important economic advisors at this point were individuals like L K Jha, Manmohan Singh, Montek Singh Ahluwalia and Abid Hussain. These individuals were also critical players under the earlier Indira Gandhi period, and some of them, especially Manmohan Singh and Montek Singh Ahluwalia, played a decisive role in the policy shift in 1991”.

The domestic entrepreneurs were encouraged through newer initiatives. Even the monopolies and restrictive trade practices act was diluted to help the big businesses expand in the core sectors like chemicals and cement. This led to an increased share of private corporate sector in the economy. The period witnessed liberalisation in credit for large companies. There were attempts on part of the regime to encourage private sector investment through tax concessions.

According to Rakesh Mohan, the annual per capita growth increased to about 3-4 per cent after 1980 which earlier was in the range of 1 to 1.5 per cent for about 30 years or so. The period also witnessed reduction in personal income tax. The industrial policy presented in 1980 inaugurated a process of gradual liberalisation of domestic investments. As a consequence of such measures, the presence of the private sectors in India’s economy grew substantially. Corbridge (2009) has also pointed out the significant reduction in absolute poverty by 1989-90 as compared to 1977-78.

However, the euphoria was short lived. Such a growth became unsustainable soon. Rising import bill, rising subsidy bill, tax concessions to the big business and pervasive tax evasion among other factors led to increased budgetary deficit. The Government in order to raise revenue resorted to increased borrowing and deficit

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financing by minting more money. Thus huge inflation was obvious. There were hardly any structural changes. The protectionist attitude of the state and a licence regime ensured that innovation and entrepreneurship was not rewarded. There was lack of fiscal prudence on the part of Government. All this combined with some international developments like disintegration of the Soviet Union, oil crisis due to gulf war which led to loss of export market and foreign assistance\(^8\) for India pushed the country towards a ‘balance of payment crisis by 1991 where the country had foreign currency reserves to finance only two weeks’ worth of imports. India’s international credit rating was downgraded by international credit rating agencies. There emerged an imminent need for the reforms.

**The Economic Reforms**

The ‘economic reforms’ refers to the process of economic liberalisation of India which started in 1991 after India faced balance of payment crisis. India had to pledge 20 tonnes of gold to Union Bank of Switzerland and 47 tonnes to Bank of England, as a part of bail out deal with International Monetary Fund (IMF)\(^85\). In lieu of it, IMF required India to undertake a series of structural economic reforms. India started implanting these reforms during the Congress regime when Narsimha Rao was the Prime minister and Manmohan Singh was the Finance Minister.

These Neo-liberal policies included (a) opening for international trade investment (B) deregulation and initiation of privatisation (c) tax reforms (d) inflation controlling measures among other policies. For convenient understanding, the reforms can be classified as: a) macro-economic reforms and fiscal stabilisation, b) Micro-economic Reforms\(^86\).

**Macro-economic Reforms**

Macro-economic reforms consisted of the measures in fiscal and monetary policy, trade policy and exchange rate management. Earlier there were a number of tax rates

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applicable to different income ranges and the tax rates were too high. The tax rates have been rationalised and tax administration has been simplified over the years. This has led to broadening of the tax base and decrease in avoidance or evasion of tax. The tax structure has been subjected to continuous reforms since 1991 in order to minimise evasion on account of complexity due to exemption provisions. This is applicable to both the direct and indirect taxes. The introduction of VAT and CENVAT has been aimed at curbing the cascading burden of the taxes. Service tax has been introduced so as to broaden the tax base and reduce the excessive burden on only one sector i.e. the Manufacturing sector.

Similarly reforms have taken place in the monetary policy. These reforms include elimination of automatic monetisation, reduction of statutory pre-emption of the lendable resources of banks and interest rate deregulation. As a result of monetary reforms, the independence of the central bank and the monetary policy has been restored. These measures have also proved effective in the reduction of inflation.

Then there have been carried out many reforms in the external sector so as to boost the quantum of foreign trade. Quantitative restrictions have been removed in accordance with the international commitments. Tariff reductions have resulted in lesser restriction to import of consumer goods and intermediate goods.

Also devaluation of rupee as a measure of reform has been carried out which has helped phase out the balance of payment crisis. The rupee hitherto (before 1991) was overvalued because of which the exports suffered heavily. The devaluation of rupee to bring it at market determined value has helped the cause of export and led to inflow of foreign exchange. Earlier the value of rupee was state dictated which is now market determined after the reforms.

**Micro-economic Reforms**

The micro-economic reforms consisted of Industrial deregulation, infrastructural reforms, financial sector strengthening, capital market deepening and reforms in agriculture sector. Industrial deregulation was one of the first major steps to be undertaken in this regard. This implied abolition of licensing for capacity enhancement. Restrictions over expansion of large companies were removed. The sectors reserved for
public investment were now thrown open to the private sector also. Restrictions on the import of foreign technology were also withdrawn. FDI was introduced gradually.

Other reforms consisted of financial sector reforms and infrastructure development including Power sector reforms such reforms required raising of investment in infrastructure and introduction of private sector in infrastructure development. The entry of private sector in infrastructure development was earlier restricted. The past decades have thus witnessed various reforms in the telecom sector, power sector and transportation sector. There has been entry of private players in these areas. The state power boards have been dismantled in the recent past and have been replaced by power corporations. Transmission and distribution has been privatised in some areas.

The financial sector has also seen many reforms for example there has been entry of private and foreign banks. Competition enhancing measures have been undertaken. Operational autonomy is being granted to public sector. FDI has been allowed in banking. There have been reforms in insurance sector also.

Apart from this there have been reforms in agriculture sector. Trade reforms have been carried out in agriculture e.g. restraints on inter-state movement of food grains have been removed. There has been restructuring of the public distribution system and relaxations under Essential Commodities Act have been provided. There has been introduction of forward trading in agriculture commodities and removal of marketing restrictions.

For the purpose of this research such reform measures have been discussed which are supposed to be in the knowledge domain of a non-expert in economics. Such measures are in news and are discussed in media circles almost on a frequent basis. For example privatisation, FDI (Foreign Direct Investment), Free Market, De-licensing etc are the terms one can easily identify and give opinion about. However a brief introduction about the components of economic reforms given above is an attempt to fulfil the requirement of explaining the concept surrounding this topic. Follows next is an analysis of the interrelationship between Democratic politics and economic reforms.

**Democratic Politics and Economic Reforms**

Both political process and economic policy have an influence over each other. Economic reforms thus have a strong bearing on the political process in the post liberalisation era. It is claimed that free market and the liberal democracy face no
challenges in the post Soviet era. It is also assumed that the liberalisation and democratic politics are interlinked or even complimentary. Scholars claim that this fact is being universally accepted and therefore political parties in India too have been emphasising on the economic reforms. This is true regardless of the party in question. Kumar (2008), Sridharan (2004) claims that there has emerged a consensus among the political parties over the continuation of reforms. The party manifestoes point to this commitment of political parties towards the reforms. Kumar (2008) claims that the parties which are opposed to the idea of reforms once they are in power implement the same reforms. He cites the example of BJP which was supposed to be against the bigger idea of reforms and criticised many economic reform measures, however, pursued the same reforms vigorously when in power. The earlier rhetoric of ‘swadeshi’ by the party was replaced with the idea of ‘development’. The BJP promised to broaden and deepen the process of liberalisation.

The overall direction of the reforms has remained the same, irrespective of ruling party. Various contentious issues like reforming the labour laws and reduction in agricultural subsidies have not been addressed for these are supposed to be unpopular measures. India recorded its highest GDP growth rate of nine per cent which may be attributed to liberalisation. With this India became second fastest growing economy of the world after China. There exists a lively debate in India as to what makes the economic reforms sustainable.

There is a pursuit for or against economic reforms in politics in a democracy or say democratic politics is either inclined or declined to pursue the economic reforms. Both political process and economic reform process influence each other. Thus there is interplay between the emergent political processes and the economic reform process. Whatever determines the inclination or otherwise of the political environment of a

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88 Ibid.
democracy viz. economic reform process, the size and aspirations of Middle Class is one of those many factors. Therefore, politics in a democracy cannot do away with opinion of the Middle Class.92

This brings us to a brief discussion about the relationship between middle classes and economic reforms.

**Middle Classes and Economic Reforms**

It is argued that urban middle classes are the biggest votaries of the economic reforms. The decade of 1980s witnessed the withering away of the Congress’ rhetoric of ‘Garibi Hatao’ though that does not mean that the party backtracked from its commitment to ameliorate poverty. However the focus now shifted to other sections also which of course means the business class and the middle class. The shallow reforms undertaken in 1980s did not have the desired impact however the process that started in 1980s culminated in the new economic policy of 1991. It is also argued that there was a demand for the liberalisation from within some sections of the business community and the urban middle classes. The urban middle classes and business community was not appreciative of the economic mismanagement which discouraged innovation and the limited choice available to the consumers.93

As discussed earlier in chapter-1, the Indian middle classes have expanded after independence but the pace this expansion has become faster after the process of economic reforms in 1990’s. Middle class as consumerist section of Indian society provided the road for success of economic reforms. This class is major beneficiary of economic liberalisation. The basic characteristics of economic reforms included reduction in import duty of goods, low taxes for individuals, corporations and owners of wealth, delicensing of industries, tax incentives for exporters among other reforms. The benefits

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92 “Every party is looking for ways to seduce India’s most capricious set of people: the Middle Class. No one party can claim to have this section in its pocket...but the middle class counts. It counts because it dominates the media; because its opinions are the ones that politicians have to hear; and because every election in Indian history has been determined by issues that were first raised by the middle class”. (Sehgal, 1998, as cited in Leela Fernandes (2006, Pg.173 ).

of all these policies were enjoyed by professional middle classes as well as small and large business sections of middle classes.\textsuperscript{94}

With the initiation of reform process the sale of consumer goods like TV, Mopeds, scooters, and refrigerators increased in 1980’s.\textsuperscript{95} This brought about a change in the lifestyle of consumerist class of Indian society typically because of the availability of choice in terms of the commodities. This also happened because of the opportunities provided by the liberalisation process in terms of employment and income. This upward mobility made their say important in political sphere. The middle classes who were earlier considered politically apathetic started reasserting themselves at the political front in different situations. Some observers have associated complementarities between Hindu Nationalism and economic liberalisation (Ghosh 1999, Hansen 2000). They have noted that BJP has the support of urban and upper middle classes and liberal establishments are in the interest of middle classes. Thus BJP protects the interests of its major support base by not only supporting economic liberalisation but also the policies including second generation reforms.\textsuperscript{96} The political and economic interests of middle classes are said to be complementary with the development objective of the country. So the role and concerns of middle classes have become quite significant in present date when they are becoming politically and economically more vigilant. Present day politics has come to be influenced by the political and economic concerns of the urban middle classes. These concerns need to be identified in order to study the impact of the same on political process.

This brings us to the next sub topic in the ongoing debate about the research

**Middle Class and Democratic Politics**

The urban middle classes have been politically dormant till the end of 1980s\textsuperscript{97} however the political participation by urban middle classes has shaped Indian politics a

\textsuperscript{94} Lakha (2011), ‘Indian middle Class Identity’ in Pinches (eds.), *Culture and Privilege in Capitalist Asia* p.255

\textsuperscript{95} Ibid p.257

\textsuperscript{96} Zoya Hasan (2003), “Changing Political Orientations of Middle Classes in India”, in Intiaz Ahmad (eds.) *Middle Class Values in India and Western Europe*, p.165

lot in the last decade of twentieth century. It has been influencing the same since this period. The urban middle classes were discussed for their political alienation among scholarly circles earlier. Survey research has shown that the voter turnout is very low for the segments of urban middle classes. It is argued among the scholars that in the last part of the twentieth century, middle classes became largely disillusioned from the Congress. Corruption as well as politics of reservation alienated the middle class masses and thus inclined them towards BJP. Some scholars opine that BJP won middle class support by default. This political alienation led to the rise of Hindu Nationalism as a result of their allegiance shift from Congress to BJP (Hansen 1999, Jafferlot 2000, Yadav 1999). Thus the emergence and reassertion of middle classes was seen throughout the country in a phase which also witnessed ‘democratic upsurge’ involving the subalterns.

At this time, the middle classes also emerged as strong supporters of economic liberalisation as India underwent the process of economic transition. Thus these two factors led to the resurgence of middle class politics by the end of twentieth century. The middle classes reasserted themselves through protests and demonstrations in support of Hindu nationalism as well as economic liberalisation. Middle class voting pattern since 1990’s shows orientation of middle class voters towards BJP. Yogendra Yadav (2004) termed this middle class support for BJP as its ‘new social block’. BJP consistently received major share of middle class votes up to 2001 however the election data for the year 2004 showed that BJP lost support among upper and lower middle classes. The table below is an illustration of this fact.

101 Zoya Hasan (2003) ‘Changing Political Orientations of Middle Classes in India’, in Imtiaz Ahmad (eds.) Middle Class Values in India and Western Europe, p.159.
Table 2.1: Middle Class Voting Patterns in 2004 Elections

<table>
<thead>
<tr>
<th></th>
<th>Votes for Congress (%)</th>
<th>Votes for BJP (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2004</td>
<td>Change from 1999</td>
</tr>
<tr>
<td>Upper Middle Class</td>
<td>26</td>
<td>0.3</td>
</tr>
<tr>
<td>Lower Middle Class</td>
<td>28</td>
<td>-0.5</td>
</tr>
</tbody>
</table>

Source: Yadav 2004 (5391) based on National Election Study data.

BJP got strong support from middle classes on three main issues i.e. *mandalisation* of politics, politics of *mandir* and nuclear tests. However it could not be denied that professional middle classes were unhappy with communal politics.

The following data shows the voting preferences of middle classes from 1996 to 1999.

Table 2.2: Voting Preferences of Middle Class

<table>
<thead>
<tr>
<th>Political parties</th>
<th>Middle class votes in various Election Years</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1996</td>
<td>1998</td>
<td>1999</td>
</tr>
<tr>
<td>Congress</td>
<td>32.1</td>
<td>31.2</td>
<td>28.2</td>
</tr>
<tr>
<td></td>
<td>(31.3)</td>
<td>(30.1)</td>
<td>(28.5)</td>
</tr>
<tr>
<td>BJP</td>
<td>23.9</td>
<td>24.0</td>
<td>23.8</td>
</tr>
<tr>
<td></td>
<td>(24.2)</td>
<td>(25.1)</td>
<td>(19.7)</td>
</tr>
<tr>
<td>BJP Allies</td>
<td>5.2</td>
<td>12.9</td>
<td>17.9</td>
</tr>
<tr>
<td></td>
<td>(5.1)</td>
<td>(11.8)</td>
<td>(17.1)</td>
</tr>
<tr>
<td>Total</td>
<td>20.3</td>
<td>22.5</td>
<td>21.3</td>
</tr>
</tbody>
</table>

Source: CSDS data unit (figures in the parenthesis refers to total votes polled among the sample)

103 Zoya Hasan (2003) 'Changing Political Orientations of Middle Classes in India', in Imtiaz Ahmad (eds.) *Middle Class Values in India and Western Europe*.
104 ibid
As it is clear from the above data the middle class vote share for the Congress is falling down whereas the BJP is receiving constant support from the middle class voters. In the year 1998 and 1999 BJP and its allies jointly received more votes from the middle class electorate than the Congress. The comparison of middle class vote with overall support for the parties concerned shows The Congress share of that the middle class vote share was slightly higher than the overall votes received by the party in 1996 and 1998. But in 1999 there seems a decline in this share as compared to overall support. the survey data in 1999 shows that the BJP enjoys strong support among the middle classes than the overall support received by the party. This indicates the orientation of middle class towards the BJP and alienation from the Congress (Palshikar, 2003). The shift has been attributed to the Congress for its support for the policies of affirmative action and protective discrimination. The voting patterns of middle classes in 1996, 98, 99 elections show that in terms of gross support base 34 per cent of congress base come from upper strata whereas 69 percent of BJP votes come from upper strata. Thus the BJP emerged as a party of middle classes although different sections within middle classes vote differently.

The BJP emerged as powerful party in post 1990’s as an alternative to the Congress. Sanjay Kumar (2013) has divided the electoral performance of the party from 1996-2009 in two phases i.e. the first period from the rise of BJP in 1990’s after ‘Ram Janambhoomi’ movement and the second period after 2004 elections that is the period of the decline of BJP and resurgence of the Congress. BJP never enjoyed the ‘rainbow social coalition’ like Congress but fetched votes mostly from the upper sections of the society. An analysis of the vote share of the BJP (as shown in graph 1) among various economic categories shows that the overall share of the BJP votes in 1996 Lok Sabha elections was 20%, out of which it drew 38% of the rich and 28% of the middle class voters of the country. But the party performed poorly among the lower sections i.e. it

106 Palshikar(2003), “Politics of India’s Middle Classes”, in Imtiaz Ahmad (eds.) Middle Class Values in India and Western Europe. P. 174.
fetched only 13% and 20% votes from the poor and the lower middle class respectively. This gap between the support base of the party among upper and the lower sections highlights that the upper sections who were earlier a strong support of the Congress now formed the strong support base for the BJP.

Table 2.3: The Increased Popularity of the BJP amongst Upper Class in the 1990s

<table>
<thead>
<tr>
<th>Election Year</th>
<th>Overall INC</th>
<th>Overall BJP</th>
<th>Poor INC</th>
<th>Poor BJP</th>
<th>Lower INC</th>
<th>Lower BJP</th>
<th>Middle INC</th>
<th>Middle BJP</th>
<th>Rich INC</th>
<th>Rich BJP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>29</td>
<td>20</td>
<td>30</td>
<td>13</td>
<td>28</td>
<td>20</td>
<td>28</td>
<td>28</td>
<td>26</td>
<td>38</td>
</tr>
<tr>
<td>1999</td>
<td>28</td>
<td>24</td>
<td>29</td>
<td>16</td>
<td>30</td>
<td>23</td>
<td>27</td>
<td>29</td>
<td>26</td>
<td>36</td>
</tr>
</tbody>
</table>

All figures are in per cent.

Source: National Election Study 1996 and 1999 Centre for the Study of Developing Societies, Data Unit.

In the general elections of 1999, the BJP received the all time high vote share of 24%. The party retain its upper caste vote bank and also gained among the lower sections. At this time BJP emerged as a political alternative to the Congress at the centre. Diwanji (1998) called it as a beneficiary of the middle class consciousness.\(^{107}\) According to some scholars the BJP has enjoyed the benefits of its perceived image of a pro reform party. Its core agenda was *Swadeshi* which it clarified that is an agenda for the interests of the nation and is not opposite to the idea of liberalisation.\(^{108}\)

Further data of election results shows that the BJP stayed stationery at 2004 level and the Congress accelerated to beyond 170 seats. This widening may be credited to communalism which middle class dislikes the most.\(^{109}\)

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Table 2.4: The Period of Electoral Decline of the BJP: Lok Sabha Elections (2004-09)

<table>
<thead>
<tr>
<th>Year</th>
<th>Overall INC</th>
<th>Overall BJP</th>
<th>Poor INC</th>
<th>Poor BJP</th>
<th>Lower INC</th>
<th>Lower BJP</th>
<th>Middle INC</th>
<th>Middle BJP</th>
<th>Rich INC</th>
<th>Rich BJP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>27(-1)</td>
<td>22(-2)</td>
<td>27(-2)</td>
<td>18(+2)</td>
<td>25(-5)</td>
<td>20(-3)</td>
<td>26(-1)</td>
<td>22(-7)</td>
<td>28(+2)</td>
<td>30(-6)</td>
</tr>
<tr>
<td>2009</td>
<td>29</td>
<td>19</td>
<td>27</td>
<td>16</td>
<td>29</td>
<td>19</td>
<td>29</td>
<td>22</td>
<td>29</td>
<td>25</td>
</tr>
</tbody>
</table>

(Figures in bracket in row 1 indicate change from 1999. All figures are in per cent.)

Source: National Election Study 2004 and 2009, Centre for the Study of Developing Societies, Data Unit.

It is clear from the above table that BJP lost its overall vote share by 2%, whereas it lost around 7% votes among the middle classes and 6% votes among the rich. Its vote share among the poor fell only by 3%. Sheth (2005) argues that the party lost its support among its middle class supporters who believed that the politics of hate and reform cannot go well together.110

Table 2.5: Rural-Urban Difference in BJP’s Support amongst Different Classes of Voters

<table>
<thead>
<tr>
<th>Year</th>
<th>Overall</th>
<th>Poor</th>
<th>Lower</th>
<th>Middle</th>
<th>Rich</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>Urban</td>
<td>29</td>
<td>15</td>
<td>21</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>Rural</td>
<td>18</td>
<td>13</td>
<td>19</td>
<td>24</td>
</tr>
<tr>
<td>1999</td>
<td>Urban</td>
<td>29</td>
<td>*</td>
<td>19</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>Rural</td>
<td>22</td>
<td>16</td>
<td>23</td>
<td>29</td>
</tr>
<tr>
<td>2004</td>
<td>Urban</td>
<td>26</td>
<td>16</td>
<td>18</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>Rural</td>
<td>21</td>
<td>18</td>
<td>21</td>
<td>22</td>
</tr>
<tr>
<td>2009</td>
<td>Urban</td>
<td>19</td>
<td>15</td>
<td>16</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>Rural</td>
<td>19</td>
<td>16</td>
<td>20</td>
<td>21</td>
</tr>
</tbody>
</table>

* Indicates inadequate sample size. All figures are in per cent.


Table 2.6: Rural-Urban Difference in Congress’ Support amongst Different Classes of Voters

<table>
<thead>
<tr>
<th></th>
<th>Overall</th>
<th>Poor</th>
<th>Lower</th>
<th>Middle</th>
<th>Rich</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>Urban</td>
<td>28</td>
<td>29</td>
<td>32</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>Rural</td>
<td>29</td>
<td>30</td>
<td>27</td>
<td>30</td>
</tr>
<tr>
<td>1999</td>
<td>Urban</td>
<td>29</td>
<td>*</td>
<td>34</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>Rural</td>
<td>28</td>
<td>29</td>
<td>29</td>
<td>26</td>
</tr>
<tr>
<td>2004</td>
<td>Urban</td>
<td>26</td>
<td>16</td>
<td>18</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>Rural</td>
<td>21</td>
<td>18</td>
<td>21</td>
<td>22</td>
</tr>
<tr>
<td>2009</td>
<td>Urban</td>
<td>29</td>
<td>29</td>
<td>29</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>Rural</td>
<td>29</td>
<td>27</td>
<td>30</td>
<td>30</td>
</tr>
</tbody>
</table>

* Indicates inadequate sample size. All figures are in per cent.


Graph 2.1: Vote Share of BJP amongst Voters of Different Economic Classes: Lok Sabha Election (1996-2009)

The data in the above two tables shows that the BJP received a large proportion of votes among the upper classes than from the lower sections of the society. A significant gap between the upper and the lower sections of the society as a support for the party has been mentioned by Sanjay Kumar.

Graph 2.2: Vote Share of Congress amongst Voters of Different Economic Classes:
Lok Sabha Election (1996-2009)

The Congress party formed the coalition government which remained in power for two consecutive terms. It gained more than 60 seats as compare to 2004. The Congress party gained among the lower and the middle classes and succeeded in getting equal proportion of votes. BJP received strong support in urban areas whereas the Congress enjoyed larger vote share in rural areas. The data of the survey conducted by CSDS (Centre for Study in Developing Societies) in July 2013 indicated the resurgence of BJP in 2014 Lok Sabha elections.

Table 2.7: Possible Resurgence of the BJP in 2014, Some Recent Evidence

<table>
<thead>
<tr>
<th>Year</th>
<th>Overall</th>
<th>Poor</th>
<th>Lower</th>
<th>Middle</th>
<th>Rich</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>INC BJP</td>
<td>INC BJP</td>
<td>INC BJP</td>
<td>INC BJP</td>
<td>INC BJP</td>
</tr>
<tr>
<td>2009</td>
<td>29 19</td>
<td>27 16</td>
<td>29 19</td>
<td>29 22</td>
<td>29 25</td>
</tr>
<tr>
<td>2013</td>
<td>28 27</td>
<td>27 22</td>
<td>29 26</td>
<td>27 30</td>
<td>28 38</td>
</tr>
</tbody>
</table>

All figures are in per cent.

Source: National Election Study 2009 and Tracker Poll 2013 Centre for the Study of Developing Societies Data Unit.

The data indicated that the BJP would regain its overall votes. The increased support of the party among the upper classes is also pointed out. The data also indicated towards an increased gap between its poor and the rich vote share.\(^{111}\)

This prediction about the rise of BJP has been proven true by the recent outcome of the Lok Sabha Elections. The anti incumbency factor and the tainted image of UPA government have gone against congress in 2014 Lok Sabha elections. The ‘Modi wave of BJP and its marketing of the ‘development model’ combined with the slogans of good governance have helped in the resurgence of the BJP. It has now emerged as single dominant party.

**Recent trends in Middle Class Assertion: Rise of Civil Society**

Indian politics is going through a phase of transition where we are witnessing the emergence of middle class in political sphere. The middle class has shoot up its voice against the politicians who have ‘ripped off’ the citizens. They demand better governance. All this has started ‘cleansing of the system’\(^{112}\) “Who is interested in the governance? The middle class, the class that pays the taxes and realizes that a better future of it can only come from a better future for all. In stark contrast, the mindset of the exploiters still belongs to an old age, in which its own betterment can only come about at the expense of others.”(Bhalla, 2012)

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The emergence of various political parties in different states by the middle class professionals is a latest trend in the political assertion of middle classes. The professionals from different backgrounds organized themselves and formed political parties. This phenomenon has been in vogue in last two decades.

The *lok Satta* party was founded by the former IAS officer and renowned activist from Andhra Pradesh Jayaprakash Narayan in 2006. It raised the major issues like Reduction in the size of cabinet, RTI act, disclosure of criminal records and assets by the political candidates. It was started as *Lok Satta* movement in Andhra Pradesh in 1996 and later spread in many parts of the country like Karnataka, Tamil Nadu, Delhi and M.P. its slogan was *jago re!* one billion votes. The organization worked on bringing about several reforms by working with other civic organizations. They realised that fundamental changes in the system could be brought only by entering into the politics. The party aims to make the government less corrupt and more accessible and responsible to the people. They believe that ‘answer to bad politics is good politics not no politics’ which means that one should be active in politics instead of being apathetic if one wish to transform the political system.

Apart from *Lok Satta* party, Peace Party emerged as 5th largest political party of India’s most populous state, U.P. following state legislative assembly elections 2012 where it won 4 seats. The party was founded in 2008 by Mohammed Ayub (a surgeon and philanthropist). There are also some other parties like *Swarajj* party and *Himachal Swabhiman* party in which have been organised by the professionals from various fields.

The recent rise of *Aam Aadmi* Party on the stage of Indian politics marks a political formation emerging from the Indian middle class. This section of Indian society which was hitherto ignored by political parties has become very important. Earlier considered politically apathetic have become very active. The birth of *aam aadmi* party marks a watershed movement in middle class consciousness. The time seems as if political parties now need to convince the educated and aware middle classes to remain in power. Hitherto considered politically apathetic middle class have become politically vigilant. Pavan kumar Verma(2013) mentioned that the parties and politicians are emphasizing middle class and their concerns in upcoming Lok Sabha elections 2014. According to him the parties would try to en cash upon the anger displayed by middle
class and would try to seduce them for short term gains at elections. Further he says that Middle class has awakened at national level but it is not organized yet. The issues raised by them are confined to them only. It has aroused for the first time and its concerns are to be consolidated carefully so that the vision of this educated class could be used for national development.\textsuperscript{113}

In such a situation, middle class has started asserting their position and becoming politically more active when they are not satisfied with either of the party. Bhalla forecasts the emergence of a third party whose initials will be MC (middle class) which will represent the basic and universal values, recognition of human rights, equal opportunity, merit and allocation of resources. His forecast has proved right to some extent. Anna Hazare’s anti corruption campaign in 2011 received distinctive support base from urban middle classes.\textsuperscript{114} The emergence of ‘Aam Aadmi party’ led by Arvind Kejriwal, may be cited as an example in the context of political activism of urban middle classes.

The ongoing discussion may be incomplete without the mention of the recently held 15\textsuperscript{th} Lok Sabha elections. The one sided verdict in favour of the NDA alliance and the re-emergence of BJP with an absolute majority independently tells a lot about the prevailing political atmosphere. The election results are a clear manifestation of the preference of the people for stability, growth and development with a focus on Governance. Although economic development has been the focus of all the parties in question however the BJP has been said to be preferred for its emphasis on Governance and ‘proclaimed’ decisiveness of its leadership. The party has targeted every section in its pursuit for marketing itself. However of particular importance for this work is the way the party has targeted the educated urban middle classes. The party has been popular for its one -liners and catchy captions like ‘Ab Ki Bar Modi Sarkar’, ‘Achchhe Din Aane Wale Hain’ and ‘Gujarat model of development’ not to forget the ‘India Shining’ campaign in the past. That makes the party name and its leadership an instant ‘object of attraction’. The party has spent many a crores on its advertisement and publicity for which even it earned lots of criticism also especially from the supporters of Aam Aadmi Party.

\textsuperscript{113} Verma (2013), ‘India’s Middle Class Awakes’, \textit{Times of India}, Ahmedabad, November,23.
\textsuperscript{114} Kumar (2012), ‘India against Corruption’ Seminar, Vol. 626: 71-72, October, 2011.
However the focus of the party has been on marketing the Governance and leadership potential of its Prime Ministerial designate Narendar Modi. The party activists made the most of social media like Facebook, Whats App and Twitter. Similarly, the Congress and the Aam Admi Party also tried to make the most of such media for broadening their support base. The parties have attempted to appeal to the conscience of middle classes through their campaigns over the internet, television, newspaper ads and through social media. 

Modi’s special emphasis has been the ‘neo-middle class’ who have been the first generation beneficiaries of the economic reforms and have risen above the poverty line and who constitute around one-fourth of the country’s population. Modi has come up with the tactics to accommodate foreign multinationals and indigenous corporate sector and the party has adopted a neo-liberal order of economy wherein it has covered a path from swadeshi to the acceptance to FDI (Foreign Direct Investment) and where it has retained its core ideology of Hindutava to establish its “socio-cultural hegemony”. It has also been argued that in 2014 elections where it seems that the economic issues have remained at the forefront but ideologically neutral ‘governance issues remained at the centre of debate in political campaigning’ rather than the issues related to laissez faire vs welfare state.

Indian economy grew at a very fast pace during UPA regime as compared to NDA. On the other hand BJP has gathered votes in the name of Modi’s development model where it laid emphasis over developing infrastructure to promote industrial growth as well as his efforts to lure foreign and domestic investors in the state through vibrant Gujarat Summit. Although BJP is less market-oriented party as compared to the Congress, yet it has been known for its pro-reform stance. This is evident not only from the higher growth rate of FDI under UPA than NDA but also from the policies and

118 Ibid.
decisions of the UPA government.\textsuperscript{119} Also the BJP is known to have an ambiguous stance on FDI. Economy is not the primary concern of the BJP except for the free market doctrines it still seems a hindu nationalist party. Modi’s development model also does not provide substantial content in terms of policy ideas.\textsuperscript{120} Rather the BJP’s campaign consisted of the promises of good governance ‘an ideologically neutral commodity that reduces politics to management’\textsuperscript{121} Modi in his speech said “good governance is more potent than policies”.\textsuperscript{122} But economics is the prime concern of the congress when we focus its manifestoes especially in post reform period. BJP on the other hand has suddenly been appointed as ‘hardnosed champion of economic reforms’.\textsuperscript{123} There is a leadership gap which has played a role in the alleged economic disaster of UPA and undoubtedly the marketing agendas and penetrating reach of BJP through media combined with anti incumbency for the UPA government has made a remarkable historical change in world’s largest democracy.

The recent outcome in favour of ‘governance’ and ‘development’ shows how the economic agendas have acquired importance in the determination of outcomes of the electoral battles. This has to be seen in the context of what role the urban middle classes play in the formulation and implementation of such agendas.

**Middle Classes, Economic Reforms and Electoral Politics: What Scholars Say**

The aspect related to economic reforms and electoral politics holds special relevance in relation to the middle class. The importance of middle class has been specially recognised in the post-economic reform period and many scholars have related the process of economic reforms with the aspirations of the middle class. Even the consumerist culture and its legitimisation have been attributed to economic reforms and liberalisation. Definitely this has repercussions for the political trends. This aspect has been analysed by scholars in the recent past.

\textsuperscript{119}Op.cit. p.39
\textsuperscript{120} Ibid. p.42
\textsuperscript{121} Ibid.
\textsuperscript{122} Zee News (2014), ‘India Lost a Decade of Growth under UPA rule: Narendra Modi’, 29 March.
\textsuperscript{123} Ibid.
Sridharan (2008) in his article ‘The Political Economy of the Middle Classes in Liberalising India’ explores the relationship between the emerging Middle Classes, the State and Economic Liberalisation. He tries to make an analysis of the ‘orientation of Middle Classes towards the economic liberalisation’. He takes the hypothesis “that the orientation of Middle Classes towards the economic liberalisation, especially towards continued or “second generation” economic reforms involving privatisation of public enterprise, reduction of the scope of government and desubsidisation of a range of activities/ interest groups, depends on two factors: (1) how large the public sector component, and publically subsidized component, of the Middle Class is; and (2) how it is being affected by these reforms”.

He concludes that “among the Rich and the internationally recognizable Middle Class of 55 million, although still an elite under-6 percent of population, there is constituency for liberalisation and globalisation”. He argues that “while the growth of the Middle Class is a development that does not explain liberalisation itself, what it does help explain is the particular character of liberalisation since 1991 which I will call Sustained Gradualism thus the “strong consensus on weak reforms” that has taken root in the political class across party lines”.

Kumar (2008) has explained the linkage between political parties’ propagation of economic reforms and rise of identity issues during election campaigning. The reason as to why political class has been emphasizing that ‘economic reforms in India have been closely tied to consistent practice of democracy’ may be attributed to the liberal assumption that free market economy and liberal democracy happen to be complementary. However, there exists a kind of puzzle in the sense that although there is so much talk of economic reforms and free market policies but when it comes to electioneering, the parties concerned resort to traditional tactics of appealing to the cast and religious identities. As he says

“The story of recent electoral democracy in India is one of a paradox. Most political parties affirm the necessity of economic reforms. Yet this affirmation belies support for the same among larger sections of the populace, particularly the poor. Even more paradoxical is the fact that political parties despite their emphasis on policies related to economy in
their respective manifestoes, tend to rely on identity issues for mobilization”.

It appears as if the political parties are addressing different sections in their manifestoes and a different section during election campaign.

In this context Varshney (2004) makes an important distinction between mass politics that takes place primarily on the streets and is aroused by passions and elite politics which belongs to the world of English speaking upper caste urban citizens, elite English newspapers, TV and Internet. It is away from the heat and dust of mass politics and takes the form of consultation between business and government. The reform measures that hardly arouse much passion continue to be implemented quietly so that they do not become mass level political issues.

Thus there seems to be a broad consensus of the political class as regards the process of economic reforms. The reform process is irreversible. And it has also been argued that there is now a bigger support for the same with the expanding middle classes. For the purpose of this work the middle class subjects have been asked about their opinion on some of the components of economic reforms. This has been done keeping in view the limitations of a non-expert in comprehending the technical aspects of the reforms. Such components have been chosen which are supposed to be in vogue and have been repeatedly talked about in the media circles. The measures such as privatisation, disinvestment, tax reforms, foreign direct investment, contracting out of public services, free market economy, desubsidisation and de-licensing have been discussed considering the fact that educated non-expert respondents have an explicit understanding of these measures and have a broader view of their implications. These are the measures which directly influence the day to day living of the people.

The next chapter which is based on field work undertaken by the researcher attempts to explain the views of urban middle class in Chandigarh about the various aspects of the economic reforms and how these aspects influence their electoral behaviour.