Chapter 5
State in India and the Model of Capitalist Development

The Indian State, since independence, has traveled a long way. In the process it has witnessed post-independence partition, communal holocaust, the unparalleled migration of Hindus and Muslims, the elimination of the princely states and formation of the Indian Union, the framing and application of the Constitution of India and active participation of the State in the endeavour to overcome backwardness, poverty, inequality, ill-health, lack of literacy and education, unemployment, etc. The governmental policy has aimed at reshaping and transforming the Indian State "into a 'prosperous', 'developed' and 'culturally advanced' modern society" (Desai 1984:14).

Desai undertakes a critical analysis of this evolution of the Indian State and Society which had been shaped by the "peculiar multi-caste, multi-religious and multi-lingual setting and in the background of a specific way in which nationalist movement pressurised the British bourgeois colonial master to transfer political power" (ibid: VII). In the process he observes that social scientists have failed to confront the central issue germane to proper understanding of the nature of the State and type of society emerging in India after independence.

In the aftermath of the Second World War a number of colonial and semi-colonial countries could successfully eliminate the ties of imperialist political domination though it was not possible to ignore totally the legacy of colonialism. The newly independent countries wavered between the two alternative paths of socialist reconstruction, on the one hand, and the path of development on the basis of 'Mixed Economy' and 'Indicative Planning', on the other. Those which opted for the latter came to be known successively as the 'Third World' or the
Desai focused his observations (1998: 5) on the countries belonging to the second group i.e. those which were trying to “reshape their backward economy, feudal and semi-feudal social structure and traditional authoritarian culture on the basis of capitalist mixed economy postulates...” constituting the underdeveloped. He shows that India belongs to this category and how the constitutional system directs the path of the Indian State towards capitalist developmental patterns. However, to comprehend the uniqueness of Desai’s understanding, it is first necessary to highlight his criticisms of the conceptions of both non-Marxist and Marxist social scientists regarding the formation and developmental evolution of States in the ‘Third World’, i.e. in the ‘Developing Societies’.

Desai identifies five theoretical approaches which seek to comprehend the profound transformations in the economy, polity, social framework and culture occurring in the underdeveloped societies. The first or the Ideal-Typical Index Approach tries to develop the general features, indices and traits of development on the one hand, and underdevelopment, on the other. Then the two are compared and in this mode development is ushered in by transformation of the latter into the former. This approach, says Desai (ibid: 8), is derived from Max Weber’s concept of Ideal type in general, and particular ideal types. It was later systematised by Talcott Parsons (ibid) and can be used in identifying similarities and differences between societies on the one hand, and characteristics of development and underdevelopment on the other.

Rostow, in his work *Stages of Economic Growth* (1952), as a proponent of this approach, tried an economic classification of society (Desai 1998:18). He placed societies at various evolutionary levels, highlighting (ibid: 9) five — categories, namely, “the traditional, the pre-conditions of take-off, the take-off, the drive to maturity and the age of mass consumption.” This approach assumed
that all societies were placed at a uniform evolutionary system. Thus, underdeveloped societies were in the first or second stage and had to be helped by developed countries with aid and assistance. However, massive amounts of aid and assistance have not helped a large number of underdeveloped countries to progress to the next stage. Hence, Rostow and others propagating this approach are of the opinion that due to the "institutional, social, and cultural impediments inherent in the underdeveloped societies" they may, "in fact, experience a breakdown in modernization and not an evolutionary but an involutionary trend" (ibid: 10).

The second approach has been characterised by Manning Nash, erstwhile editor of Economic Development and Cultural Change, as Diffusionist Approach in "Introduction. Approaches to the Study of Economic Growth" in Journal of Social Issues 29(1), p.5 (ibid: 10). This approach is also based on the assumption that underdeveloped countries need the aid from the developed world, through the diffusion of capital, technology, knowledge, skills, institutions, values, organizations, etc., in order to overcome their backwardness. However, this aid, though being fundamentally altruistic and beneficent to the recipients, has not been able to transform these societies into a modern, developed stage. This inability is attributed to the resistance offered by demographic features, traditional institutions, beliefs, values, etc., of underdeveloped societies.

The third or Psychological Approach (ibid: 11) had been propounded by scholars like McClelland, Kunkel, Hagen, etc. According to this approach, motivation or need for achievement ensures economic and political development and cultural change. Only such psychological impetus, it argues, can help the underdeveloped societies to advance from their present position.

These three approaches, says Desai, had been patronised by the western ruling elites who had generated policies accordingly. But according to Andre Gunder Frank (ibid: 12), the three approaches can be seen as three parts of one
process whereby the typical characteristics of development are expounded, diffused from developed to underdeveloped societies and finally "are to be acculturated by the underdeveloped countries if they wish to develop."

The fourth approach developed by Radical Social Scientists like C. Wright-Mills (ibid: 12ff) emerged as a revolt against the earlier three approaches. The earlier approaches were regarded by this as being empirically invalid when observed in the context of reality, theoretically inadequate due to its presumptions and thus, policy-wise ineffective in pursuing the proclaimed intentions of promoting modernisation and development of underdeveloped societies. This approach, on the other hand, begins with the study of any society in its specific historical setting. It does not accept that relations between developed and underdeveloped societies constitute a unilinear tangent or form as donors and recipients of benefits. Furthermore, this approach acknowledges the presence of tensions, conflicts and contradictions both within developed states on the one hand, and between developed and underdeveloped ones on the other. Hence, each state and society must be considered in the context of reality, research and theoretical formulations which should be based on empirical data and policy propositions should be made accordingly.

The Marxist approach developed (ibid: 15) upon the philosophical and sociological postulates of Marx as a rival to the above-mentioned approaches. The basic features of this approach may be summarised below. According to it, capitalism introduced a process which resulted in development in the western, advanced, capitalist countries while ushering in underdevelopment in their colonial and semi-colonial appendages. As Desai has pointed out (1981:117) that "one of the characteristics of a colonial economy" is that it is made "subservient to the interests of imperialist economy..." Capitalist understanding of development is based upon the idea that strengthening of the rich and propertied classes is necessary for this project. However, the Marxists contend that this reliance on the rich classes is fallacious as they, in order to preserve
their wealth and power, become the major obstacles to overall development. That has become a serious problem for those underdeveloped countries which have embraced the capitalist path of development. The situation has been further compounded by the neo-colonial exploitation of these countries by their western, capitalist counterparts and erstwhile masters. The latter have very “intimately interlocked” the former colonies “in a dependent institutional framework” where the erstwhile colonies form the “politically liberated but economically and culturally subordinate and dependent third world” (Desai 1998:16). Hence, the Marxist scholars point out that contrary to the projections of the developed capitalist states the relationship between the developed and underdeveloped worlds are not of harmony and cooperation but are actually of exploitation and dissent. The whole scheme of exploitation works under the guise of the export of aid, assistance, support and diffusion of skills, techniques, capital, modernised institutions, values and life-styles. “In fact”, says Desai, “the pattern of aid itself is the basic obstacle to the underdeveloped societies in overcoming their backwardness” (ibid: 16).

Hence, the first priority is to understand the capitalist system itself which is at the root of all exploitation, conflict and underdevelopment. Marxist scholars allege that the other approaches have not viewed “underdevelopment” from this perspective. Thus, they have failed to explain the true character of the structure and causes of underdevelopment (ibid: 15ff). So the real alternative for the underdeveloped countries would be the socialistic path of development. However, in this endeavour they must be careful that the policy-makers of the advanced capitalist countries will oppose the real developmental initiatives of the people. Hence, the objective will not be to reform capitalism but smash and replace it with socialism. The central issue of underdeveloped societies to overcome their backwardness will be to choose between capitalism and socialism. In the choice of either alternative each society will evolve a particular type of state, with its unique features, which will be instrumental in ushering in
the developmental and modernisation process. Thus, the whole issue of development and modernisation is intimately connected to the process of state-formation in these countries. Desai undertakes this project through his understanding of the formation, evolution and activities of the Indian State since its birth in 1947.

Desai acknowledges that the scholarly endeavours—both Marxist and non-Marxist—have generated significant and valuable empirical data and materials for research. The Marxist approaches have provided alternative methods and practices for solution of the problem of underdevelopment. They have generated data and analysis in terms of changing class configurations in specific regions. But they have overlooked or bypassed elements which are indispensable for a proper Marxist comprehension of these developments. For instance, says Desai (ibid; 76ff), the Stalinists and neo-Stalinists, who are at the helm of state-power in various non-capitalist as well as Third World capitalist countries, have obstructed the process of a true reading of Marxism. They are averse to a proper and honest Marxist analysis of the enormous bureaucratic deformities, undemocratic practices perpetrated by the ruling section and general maladies, divergences, hostilities and conflicts plaguing society and state. Free and fraternal discussions are not allowed among the masses, thereby hindering and clouding the vision of the people. Hence, the class-essence of the State is impeded, which, is then projected “as either a neutral non-partisan instrument or an arbitrator to reconcile the class-interests” (ibid: 77). Furthermore, under the slogan of saving democracy, they have sacrificed the political independence and subordinated the struggles of the working class in order to maintain their alliance with the bourgeoisie. This strategy has been formalized under a “grand theory of ‘peaceful coexistence, peaceful competition and peaceful transition’ to socialism” (ibid). Desai tries to fill in the gaps in this scholarly endeavour to understand the reality of the transformations occurring in underdeveloped
societies. For that he attempts a critical examination of the evolution of the Indian State from a revolutionary Marxist point of view.

Before embarking on the Marxist path of analysis Desai has a point of criticism for the view of State propounded by the Democratic-Pluralist Approach. This view of State had emerged in the aftermath of the Second World War and tried to classify all contemporary societies into either capitalist or socialist ones. The State was seen as the neutral arbiter between contending groups and interests and reflected predominantly neither purely capitalist nor purely socialist inclinations. He identifies Easton, Lasswell, Lipset, Dahl, etc., as proponents of this tradition. But, like Ralph Miliband, Desai also feels this approach to be essentially fallacious as it neglects the study of State as a focus of political analysis and "puts a blinder on the qualitative distinction between the capitalist and socialist social order" (ibid: 151). Consequently, it evades the central role of the State, i.e. create, stabilize and expand a particular socio-economic order which is the capitalist order in developing societies.

Desai follows the analysis of the Marxist theory of State undertaken by Ernest Mandel in "The Marxist Theory of the State" (ibid: 74). Following Lenin he acknowledges that "the subject of 'State' has acquired a very crucial significance today" (ibid: 84). He acknowledges the contributions of Lenin and Trotsky in expounding the Marxist theory of the State. Lenin had begun with the necessity of understanding the historical background for the emergence of State, the stages of its development and its present form in the light of those developments. For him (1976: 9) the State represented "a special category of people set apart to rule others" and who have at their disposal a special apparatus of violence and coercion necessary to enforce their will on others and control them. State represents the division of society into classes—some ruling, some ruled. State is the machinery to preserve the rule of one class over others, maintain the oppression and exploitation of some classes by others. Over the ages the form of oppression and exploitation has changed, but the essence has
remained unchanging. The State is dependent for its existence and survival upon the irreconcilability of class antagonisms and conflicts. Even in the most democratic republic, says Lenin (ibid: 20), where universal adult suffrage, civil liberties and rights of the citizens exist, if there is private ownership of land and means of production, it will be a capitalist class state where the bourgeoisie will enjoy a predominant position at the expense of the labouring classes in society. Ernest Mandel continues in his work mentioned above that it is due to bourgeois political tools like universal suffrage, universal tax-paying, etc., that certain institutions of the Bourgeois State have become more complex and subtle (Desai 1998: 79). These institutions, belonging to the executive apparatus of the State, are becoming stronger at the expense of the representative institutions.

Desai follows Lenin in projecting the importance of State, "You will scarcely find another question which has been so confused, deliberately or not, by the representatives of bourgeois science, philosophy, jurisprudence, political economy and journalism, as the question of State" (Lenin 1976: 7; Desai 1998: 84). In India, says Desai, the State has become the most important and influential institution in society. Here the ruling class "is ruling in the name of socialism" (Desai 1998: 85) but the question is whether it is ushering in a socialistic pattern of development and socio-economic system or not. Hence, it is necessary to understand the evolution of the Indian State under the directives of the Indian bourgeois class, the class which emerged most dominant after transfer of power and independence in 1947.

According to Marxist understanding, the State under the bourgeoisie has certain characteristics. For instance, the most important element of the Bourgeois State is its repressive character which is disguised very adequately through the following ways: nationalisations are taken as socialist measures, socio-cultural policies of this State are considered as welfare measures while active economic interventions are regarded as a step towards building socialist
society. The leadership points out that intervention by the State in economy, especially through expansion of public sector, will ensure a peaceful transition of the present economy into a socialistic one.

From this follows another feature of this State, namely, alienation of Democracy from capitalism. It has become evident that irrespective of the capitalist nature of economy and government, the bourgeois leaders of emerging nations “paste the honorific label of socialism upon their professed democracy” (ibid: 79). The reason is that capitalism is inherently anti-democratic—it is the minority, which by virtue of its ownership and control over the means of production, dominates over the majority and the former enjoys the maximum share of benefits and opportunities at the expense of the latter.

Desai cites (ibid) the examples of Indonesia’s ‘guided democracy’ under President Sukarno or the ‘popular democracy’ of Egypt under Nasser or the crisis-ridden rule of Indian National Congress of India which labeled itself as both democratic as well as socialist.

Furthermore, Desai points out after Mandel (ibid), that certain institutions in the modern state have become more complex and subtle, usurping the powers of those institutions formed on the basis of adult suffrage. The former becomes isolated from and independent of the influences of popular consciousness and opinion. Real power slips more and more from the representative institutions like the parliament to the complex trio of military-police-administrative bureaucracy—the institutions exercising the repressive and “permanent power of the State” (ibid). To Lenin (1977: 17ff), the omnipotence of wealth in a bourgeois-democratic state was institutionalized through its bureaucratic machinery and standing army.” Mandel relates (Desai 1998: 80) this phenomenon not to “a diabolic design of a few power-hungry individuals” but to an emerging trend which represents a transformation of the structure of capitalism “from a stage of relatively free competition into a stage of monopoly capitalism.” All these developments have a two-fold purpose: on the one hand,
they are buttressing, developing and smoothing the functions of the bourgeois
society; on the other hand, are regulating, confusing, counteracting or stifling
the forces attempting to overthrow the capitalist system. However, that does not
imply that the State is restricted to only maintenance of law and order, security
of territory and unity; on the contrary, by its socio-ideological inputs it is
creating and moulding a specific type of society through a specific pattern of
modernisation. Apart from its repressive character it has evolved itself into a
“Welfare State” (ibid: 146) or a “Positive State” or a “Neutral State” (ibid: 151)
whereby it is using its repressive machinery to prevent and repress any violation
or opposition to the liberal-capitalist agenda of modernisation and
development. It is necessary to evaluate the Indian State against this background
to comprehend its character, evolution and developmental strategies to acquire
a proper understanding.

3

The Indian State was formed out of the deliberations of the Constituent
Assembly. Desai, however, contests the representative basis of this Assembly,
opining that it was not created on the basis of universal adult franchise and was,
therefore, an instrument of the Indian National Congress, i.e., the Indian
bourgeoisie. Many contemporary intellectuals also shared similar opinions. For
instance, to Dhirendranath Sen (2005: 278), the sovereignty of the Constituent
Assembly “was derived not from the people but from a British Statute.” Members
of the Assembly did not represent the people of India as the franchise had been
restricted to not more than eighteen per cent of the population. Hence, the
Constituent Assembly, which gave us our Constitution, which is the very basis of
our State, began under false premises. What Desai further implies is that the
Indian State created out of this Assembly reflected nothing but the agenda of
the Congress in the post-independence phase. The Congress created the
Welfare State in India and it is necessary to comprehend the essence of this
Welfare State.
The Congress government in post-independence phase decided to steer clear of the “known evils of laissez-faire and the anticipated evils of socialism” (Desai1998: 52; Aiyar 1966: 154ff) and opted for a Welfare State. Thus, India, according to Sydney Fine (1955: 375–76; Desai1998: 52), sought a moderate democratic solution to conflicts of interests of the individual with that of the society on the one hand, while preserving the essentials of capitalism without the attending abuses, on the other. Prof. Venkatarangaiya (1962:67–68; Desai ibid) was of the opinion that the inclusion of Directive Principles in our Constitution makes clear India’s goal of a welfare and socialist State. According to Venkatarangaiya’s definition, the State which does not confine itself to merely repressive functions but undertakes constructive actions for eradication of social maladies on the one hand, and promotion of welfare of the people on the other, can be said to be a Welfare State. For instance, a Welfare State is perceived as a desirable institution capable of promoting positive good by a positive exertion of its powers. This State is interventionist in a limited sense and quite opposed to both the ‘inconspicuous’ State of laissez-faire as well as the ‘totalitarian’ state of socialism. Scholars like Sidney Fine, Dorothy Wedderburn and others are, moreover, of the opinion that over time the repressive functions of the state will yield more and more place to its beneficial functions (Desai ibid: 52ff). This State is also seen as a permanent and neutral arbiter seeking the eternal good of society impartially.

The second prominent feature of the Welfare State is its democratic essence. Any State performing the accepted welfare functions, but foundering on the institutional mechanisms of expressing and asserting the will of the people, will not be considered as a Welfare State. Even if the institutional mechanisms "become brakes on the exercise of basic democratic rights of the people,...a State can become a Welfare State only if it manifests itself through such a formal democratic institutional attire." (ibid: 56).
‘Mixed economy’ or ‘managed economy’ can be seen as the third essential feature of a Welfare State. For this State on the one hand, poverty, economic insecurity, dependencies etc. are not due to laws of nature or incompetence of the poor but are caused by social forces which can be avoided and rectified by purposive social action. On the other hand, the proponents of Welfare State are of the opinion that, by streamlining the market-based economy so that the productive potentialities can be increased and crises averted, economic instability and insecurity can be overcome by the State. For that reason, the State adopts the policy of state-managed mixed economy with a proportionate share of public and private sectors. Thus, the Welfare State not only includes the objectives of social service but also has the task of positive intervention to reshape the economy in such a manner so as to provide facilities and provisions to one and all in society irrespective of class or status of citizens. It is also propagated that the “welfare state can raise the productive powers of underdeveloped countries, without overthrowing the bourgeoisie and can, by redistributing the wealth, create a floor of living for the masses from which they can ascent to greater prosperity and welfare” (ibid: 62).

Based on these ‘unique’ features Desai undertakes a thorough criticism of the Welfare State before going into a critical analysis of the Welfare State in India. Desai questions the basic assumptions of this type of state which necessarily develops upon the matrix of capitalism—an inherently unjust, unequal and exploitative system. He says (ibid: 67-68), even in countries of affluence and high technological potentialities the State has been unable to do away with economic insecurity. Inspite of institutional resources at their disposal, the Welfare State has been unable to provide minimum security to its citizens. The cause has been that in spite of its economic policies like planning under mixed economy or direct supervision and intervention by the state, the hold of monopoly capital is being increasingly strengthened. As Marx had viewed (1966:110-111) the “executive of the modern state” as nothing “but a
committee for managing the common affairs of the whole bourgeoisie”, so Desai also sees (1998:71) the Welfare State as an “Executive Committee of Monopoly Capitalism.” All so-called positive functions of capitalist states are oriented towards satisfying the requirements of monopoly capital. Desai quotes (ibid: 65) after R.M. Titmus that the “problem of poverty of dependency” has become “an intractable one.” In almost all cases the policies of the State have made the benefits available to those who need it least and those whose needs are the most have been left out of this scheme.

Furthermore, the gradual retreat of the State from the traditional social services has compounded the crisis. Inequality in ownership of property and income has not been eradicated by the Welfare State; on the contrary, the crisis in this area has escalated to increasingly widen the rich-poor gap. The Welfare State has also been unable to provide full employment, eliminate recession and prospects of economic crisis. Hence, Desai is of the opinion (ibid: 72), that the Welfare State fails to satisfy its basic claims and assumptions and he connects it with fascism as “two variants evolved by monopoly capitalism to save the historically doomed capitalism.” So the Welfare State, inspite of its promises, has been nothing but another variant of capitalism and it is necessary in this light to study the evolution of the Indian State—how, under the myth of Welfare State, capitalism is shaping the entire political, economic, social and cultural structure of India. In this connection Desai also explodes the myth of ‘socialistic welfare state’ in India.

Many provisions of the Government of India Act, 1935 continued in the Constitution of the sovereign, secular, post-colonial State of India. For instance, India inherited a federal type of state structure with a strong centre; a list of civil liberties to be enjoyed by citizens but in emergencies which could be curtailed or even suspended by the state; exceptional powers to the executive while proclaiming the establishment of parliamentary democracy, ostensibly implying the parliament to be sovereign. In addition, the administrative machinery of
British imperialism had been taken over but not democratised even though the purpose and basic objectives of the post-colonial state was fundamentally different from its colonial predecessor. The main purpose of the colonial administrative machinery had been to maintain British imperialist domination and exploitation of the Indian people, whereas, post-colonial state announced 'welfare' of the people as its chief purpose—yet, the bureaucratic machinery, one of the chief instruments of ushering in socio-economic transformations, retained its essentially colonial features and character. Lastly, "it guaranteed to the citizen property rights as a fundamental right but not the right to work" (Desai 2000: 57). This provision, according to Desai, is sufficient to reveal the bourgeois character of the Indian State. After creating such State machinery, the ruling elite assumed the responsibility of creating a foundation for ensuring obedience and allegiance to the State. Desai quotes Laski in saying (Laski 1935: 211; Desai 2000: 58) that, "Its claim to obedience...is the actual power to enforce it apart—a power wholly devoid of moral foundations—clearly a function of its ability to persuade its members that their lot is better under such a regime than it would be under some alternative." It is in the process of creating the foundation for obedience and allegiance to the State that it ushers in a particular pattern of development, modernisation, a socio-economic structure and a way of thought and life. Finally, from this pattern one can perceive the particular class character of this State.

Desai's whole purpose is to establish the fact that in spite of its 'socialistic' proclamations the Indian State is ultimately a bourgeois state, operating along the logic and agenda of capitalism. However, before embarking on Desai's position it will be worthwhile to study the opinion of the contemporary official Marxist position as revealed through the Manifesto of the Communist Party of India [Manifesto (Karmasuchi) of the C.P.I. (M) (2007)]. This manifesto proclaims that the leadership of the newly independent state had been assumed by the big bourgeoisie, which, however, did not complete the task of bourgeois-
Consequently, the productive forces had not been liberated from their pre-capitalist fetters, foreign capital continued to dominate the industrial process, a self-sufficient economy remained a dream and the feudal forces constituted a part of the ruling elite. The bourgeoisie, due to its fear of a strong, united, revolutionary working class as a fall-out of the bourgeois-democratic revolution, did not play its revolutionary part. Contrary to the expectations of Marx, the bourgeoisie in India failed to “put an end to all feudal, patriarchal, idyllic relations” (Marx 1977:111) but aligned itself with the feudal landowning classes. This alliance has shaped the contours of the Indian State in the subsequent decades.

Initially the C.P.I. had been of the opinion that state power, shared between the big bourgeoisie and the rich landlords, would be beneficial for India. In the decade after independence, due to Nehru’s “leftist” orientation the C.P.I. no longer regarded the Congress as “the reactionary opponent of the working class and progressive movements which it was till then” (Namboodiripad 1971: 435). The party, in fact, gave a call for a “national united front” which included the Congress on the one hand, and the Communist Party on the other, sharing a class base among the big bourgeoisie, landlords and the working people as well. P.Ramamurthy, in his article “Drive US out of Asia” written on July 18, 1954 in the New Age (Kaviraj 1979: 379) was of the opinion that a broad-based ‘national front’ was necessary for fighting US imperialism which would include the national bourgeoisie or at least a substantial part of it. This line of thought was supported by the West Bengal as well as the UP Provincial Committees. It was also supported by no less than Rajani Palme-Dutt who wrote in 1954 in the Cominform organ For a Lasting Peace, for A People’s Democracy an essay entitled “New Features in the National Liberation Struggle of Colonial and Dependent Peoples”. Writes Kaviraj (ibid) on this issue, “Dutt mentioned some ‘new features’ of national liberation movements. The most significant of these was the possibility of encircling the internal feudal and
external imperialist forces in these newly free countries precisely through a national democratic front of the type Ramamurthy had suggested.” The C.P.I. Central Committee clarified in 1955 (ibid: 385) that all those who agreed with the ideas of national progress would be part of this front irrespective of his party allegiance, right, left or centre. The inclusion of Congress in this front raised some debates within the C.P.I. Ajoy Ghosh, the veteran C.P.I. leader and ideologue was of the opinion (ibid: 472), like Desai, that Congress was “the organ of the national bourgeoisie as a whole.” It contained a reactionary section representing the monopoly bourgeoisie. He however, cautioned (ibid) that it would be “a big mistake to equate the Congress with parties of right reaction.” Furthermore, Ghosh also thought that it would be impractical to build a united national democratic front by “ignoring this big reality of the Indian situation.” So far as the purpose of this national front was concerned there were three levels to it. “At the most general level there would be broad national front for peace and national sovereignty. This would include the Congress. Below this would be the united democratic front through the mass formations and their activities; Congress masses were invited into these initiatives. At the lowest level, there was the united front of left parties around the core provided by the Communist party” (ibid: 387). In 1961 the C.P.I. further clarified the character of the national democratic front. It said that to bring about changes in the political and economic lives of the people “the working class and the broad masses of the peasantry must play the leading role and all national patriotic forces must be united in a national democratic front. The alliance of the workers and peasants constitutes the basis of such a front.” (Political Resolution, draft prepared by 21 members of the national Council, C.P.I., 1961, p.5; also cited in ibid: 465). However, there was difference of opinion among the members of the party. For instance, Ajoy Ghosh wrote in an article entitled “Nehru’s Socialism—a hoax,” published in New Age, January 2, 1955 (ibid: 376), “…Nehru government’s formal acceptance of a programme of socialism was
little more than simple ideological stunt.” Ghosh continues (ibid) that Nehru’s system at that particular juncture had hit a period of political crisis following an economic crisis of overproduction. Thus, a promise of a socialistic pattern of society was simply a ploy for “reworking the terms of the political debate to the strategic advantage of Congress.” The C.P.I. further clarified its position in 1955 (ibid: 387) when it said that the foreign policy of India had undergone a radical change in recent years but the domestic policies, taken as a whole, continued to be undemocratic and reactionary in practice inspite of adopting the programme of ‘socialistic pattern of society’. The latter was a “characteristic phase specific enough to exert a fascination on people and renew, or rather relocate Congress’s legitimacy; but vague enough to be actually ineffectual” (ibid: 375).

Bhabani Sen, veteran leader of the C.P.I., however, published a critique against the communist understanding of the issue in the inner party journal Forum, C.P.I., no. 2, 1955. In his opinion (ibid: 392), “Nehru government representing the progressive section of Indian big business has, in the main, abandoned collaboration with imperialism, and embraced the policy of peaceful co-existence and stabilised cooperation with the socialist states.” This implies a policy of preservation of peace, strengthening of national sovereignty and defending national independence. Sen further observed that despite membership of the commonwealth, the foreign policy was not tied to British foreign policy.

This line of thought had been opposed by other Communist leaders like Sundaryya, Basavapunniah and Hanumantha Rao (ibid: 392ff) who were later to form the C.P.I.(M). In their opinion, in spite of the progressive elements in Nehru’s policy, the “collaborationist hand” with imperialism still existed. The foreign policy was actually one of playing between the two camps—bourgeois and communist—in the interest of the Indian bourgeoisie. They branded Nehru’s government as a bourgeois-landlord government, led by the collaborationist sections of the big bourgeoisie, emphasizing the military
dependence on the West, despite some advance in the economic front. Namboodiripad (1971: 435) was of the opinion that “despite all apparently radical and progressive declarations made by the Congress, its actual policies and practices were calculated to protect the interests of the landlords and the big bourgeoisie.” As a result, state power had been used to subjugate and oppress the common people on the one hand, and come to a mutually profitable understanding with imperialism, on the other. This phenomenon led the C.P.I. (M) to identify imperialism, feudalism and rapidly growing monopoly capital with the aid of foreign collaborators as the main enemy of the Indian people. In the fight against these enemies the C.P.I. (M) also wished to form a united front comprising of all the exploited and downtrodden elements of the population as well as “that section of the bourgeoisie which is opposed to imperialism, feudalism and monopoly-capital...” (ibid: 440). Other like-minded people belonging to other strata were also welcome to join this united front in the anti-imperialist-feudal-monopoly capital struggle. The C.P.I. also in its Eighth Congress in 1968 endorsed his position and called for a ‘national democratic State’. (Krishnan 1971:458). The various economic schemes like Plans, Public Sector, Budget, etc., had all been oriented towards satisfying the interests of the ruling elite, i.e. a capitalist path of development. Under the leadership of the bourgeoisie the public sector itself has become the instrument for the establishment of capitalism. However, capitalist path of development on the one hand increased dependence upon foreign capital in the form of loans and conditional aids, and exploited the common people, labourers, peasants and middle classes ruthlessly, on the other. Quite naturally, such a system of economic development reached a period of stagnation compounded by huge foreign debts. All these inevitably led to the period of liberalisation in the 1990s by which Indian economy came under the control of international finance corporations like IMF, World Bank, World Trade Organization etc. and yielded totally to international capitalism (Manifesto of the C.P.I. (M) 2007). Socialist
parties like Praja Socialist Party, Samyukta Socialist Party etc also denounced the Congress government as "surrendering to capitalism" (Hartman 1971: 647) in spite of its socialistic proclamations. The PSP argued that "the Congress programme...offered no solutions of the social problems. The retarded economic growth, the fall in ethical and moral values was considered as an indication of the failure of Congress-socialism" (ibid). The SSP further argued that the ruling elite under the Congress "was to be looked as the greatest evil, and to fight it also compromises with the communists as well as rightist forces were justified" (ibid: 648).

Desai begins with the identification of the major policy orientations of the Indian State regarding politics, economy, society, culture-ideology-education etc. to illustrate his arguments about the class character of this State. Among the political tasks foremost was reconstitution and reorganisation of regional units by absorption of the feudal princely states and evolving a uniform pattern of governmental machinery for the entire country. The centuries-old monarchical-feudal order and traditions were abolished and replaced by a republican order. However, the vast hordes of money held by the princes were not seized by the Indian State to be utilised for its developmental objectives. Furthermore, many members of the erstwhile nobility had been assimilated within the ruling echelons of the new State. Thus, the new republican State, at the very outset, was injected with traditionally orthodox and reactionary elements (Desai 2000: 66). So far as reorganisation of territorial units was concerned, primacy was given to nationality and linguistic principles implying that a variety of nationalities with variegated culture-patterns would constitute the single Indian nation. However, awakened dormant 'nationality' groups articulated their urge for adequate territorial integration and free development of their economic life, language and culture in the post-colonial state, urges that had not been satisfied in the colonial state. Desai is of the opinion that elimination of colonialism and acquisition of the right to self-determination by the nationalities born out of a
The colonial situation was not sufficient for a progressive solution of their problems in a post-colonial state. According to Desai, it was the very class character of the Indian State which prevented a solution to this problem. Capitalism breeds conflicts within nationalities, also within the same country, because "due to the very capitalist organization of the national and world economy, these nations and nationalities perennially, struggle for markets, raw materials, and zones of capital investment. This breeds wars, animosities, oppression and enslavement of peoples" (Desai 1981: 428). The linguistic basis of reconstitution of Indian States also unleashed a series of violence in a multi-lingual society. Many multi-lingual provinces demanded uni-lingual states so that they can participate in and influence the administration. But the creation of linguistic states could not bring any solution to the problem because the government failed to create conditions for mass literacy and mass education on the one hand, and free and rich development of the regional languages, on the other. As the basis for reorganisation of the territorial units had been faulty from the beginning the linguistic movements included issues of distribution of jobs and seats, economic development of various regions, educational facilities, share in the benefits of social welfare schemes, medium of instruction and administration, etc.

So far as recovery of territory from other imperialist powers like France, Portugal, etc., was concerned, the Indian Government adopted a policy of negotiation. The French territories could be recovered easily while those under Portugal proved to be more difficult. Portugal's recalcitrance was augmented by Indian government's refusal to allow the people of India to organise and launch movements of their own for forcible liberation of Goa and other such occupied territories of Portuguese India. This was also sufficient to create dissatisfaction among the people.

In the shaping of foreign policy, India has pursued a policy of manoeuvring between the capitalist and socialist blocs, securing economic, technical and other aid from both. Like the official communist version, as
portrayed by the C.P.I., Desai also thinks that the Indian government of the Congress party, in order to strengthen its position, utilised the two blocs to increase its bargaining power (Desai 2000: 72). However, due to the historical position of the Indian bourgeoisie, the national government's orientation was towards the capitalist world. Thus Nehru, in spite of the leftist tendencies of his youth, was opposed to communism and contested democracy to communist totalitarianism. Yet, events of violence and imperialist aggression in a world situation dominated by cold war politics made a mockery of the principle of Panchshila or peaceful coexistence among nations. The instances of violence perpetrated by both capitalist and communist nations show that it is the contradictions of the "world social system itself which gives rise to all kinds of antagonisms and conflicts...Socialism alone can eliminate conflict from the social world by eliminating imperialism and capitalism" (ibid: 72-73).

After highlighting the limitations of the political policies adopted by the Indian State, Desai proceeds to analyse the economic policies adopted by it. In this he was profoundly influenced by Professor Harold Laski. According to the former, Laski had focused on the relationship between the state and the socio-economic order. In this endeavour Laski had projected the impact of class-structure and property system upon the nature and functions of the state. For instance, if the postulates of any given society is capitalist, then, in the opinion of Laski (ibid: 59), "it must logically follow that the state will protect the consequences that a capitalist system requires." The nationalist and radical intelligentsia in colonial countries, including India, also perceived the role of the State in Laskian terms when they viewed the Imperialist State as "...shaping, butterressing (sic), encouraging the 'provision of specific socio-economic formation' viz. colonial socio-economic order based on capitalist foundation" (Desai 1977: 4). The post-colonial state in India inheriting its dual colonial legacy of poverty, underdevelopment, etc., on the one hand, and aggressive intervention in the shaping of economy and society, on the other, has created “a
massive variegated set of economic measures comprised of enactments, laws, institutions, actions relating to production, distribution, market, prices, resource generation and resource allocation" (ibid: 18). The Indian National Congress set up the government with the promise of social welfare measures to the poverty-stricken people of the country. However, developing from a colonial situation, Indian economy was already a weak capitalist economy. As colonialism had broken down the traditional agrarian system, so the post-colonial state inherited an agricultural system characterised by primitive techniques, extreme fragmentation and subdivision of land, uneconomic holdings, extreme impoverishment of the rural people, presence of semi-feudal land relations and polarisation of the agrarian population. Weak industrial development, perpetrated by the colonial state, was unable to absorb the surplus rural population resulting out of loss of land and occupations. All these inevitably led to underemployment and unemployment in both urban and rural areas.

The fundamental issues facing the Indian State were initiating the process of development and prosperity in an underdeveloped colonial economy on the one hand, and providing the needs of minimum subsistence to the vast mass of poverty-stricken people, on the other. Within the first issue, the question of capitalist path of development and the proportionate roles of the public and private sectors came under consideration. Under the second issue, the question that came up was whether the weak national capitalism was adequate to “simultaneously provide profits to the capitalist class as well as provide purchasing power to the vast mass of the people to buy necessities of life in the market?” (Desai 2000: 75). Hence, the Congress Government began its journey by promising the masses a better and brighter future while remaining true to its bourgeois origin and support base. The government tried a mixed approach, combining elements of both capitalism and socialism in its economic planning. This approach can be attributed to two causes: on the one hand, "being a party of the bourgeoisie, it could not but choose the capitalist read of development of
Indian society and evolve its policies on the basis of capitalist postulates" (ibid: 76). On the other hand, says Desai (ibid: 77), the Indian bourgeoisie, due to its colonial origin was too weak to undertake the task of economic development on its own without the aid of the State. Consequently, we find India adopting a policy of “mixed economy” which was nothing but “essentially a capitalist policy of evolving its pseudo-socialist, i.e. (really capitalist) pattern of economy and society in India” (ibid). India’s ‘mixed economy’ implied coexistence of public and private sectors, and precluded the nationalisation of the means of production, distribution and exchange. Furthermore, it adopted the concept of Five-year Plan from the Soviet Union, but this Planning as undertaken in India implied regulation in the functioning of the capitalist economic system rather than a structural transformation of the socio-economic order involving the elimination of the capitalist class, liquidation of profit motivation in production, production for needs and social ownership of the means of production. In fact, state intervention in industry as legitimate and indispensable function of modern government necessitated a theoretical transformation of liberalism from its nineteenth and early twentieth century variations.

Desai elaborates the principal reasons why the capitalist state, “the committee to manage the affairs of the capitalist system as a whole” (ibid: 79), takes on an increasingly interventionist role in the economic matters of the country. The liberal theory gives three points to justify the grounds for growing authority of the State. First, the State secures order to protect the capitalist mode of production and opposes all forces which disturb and challenge this system. Second, the State provides a technique for peaceful change. Finally, it satisfies the demands on the widest possible scale. Desai, however, quotes Laski on the second and third points, “any State in which the instruments of production are privately owned cannot by its inherent nature, achieve the Second or the Third of the objectives” (1977: 5). State intervention and mediation in economy became even more aggressive during the world economic crisis of 1929–33 and
since then state intervention has been seen as a necessary evil but indispensable and inescapable for economic and general 'welfare' of society, i.e. required for preservation and development of capitalist economic system. Desai also cites (ibid: 11ff) Prof. Robin Murray’s explicit and detailed analysis of the economic functions performed by the State for protection and maintenance of the capitalist system.

Prof. Murray had addressed (ibid) the economic functions performed by advanced capitalist countries of the West—the First World; but according to Desai, with minor modifications Prof. Murray’s expositions can be used to understand the situation in the Third World countries. According to Prof. Murray, the capitalist State performs six major and five derivative functions, the latter emanating from and following the former. The first function is the guarantee of the Right of Private Property “as the heart of its economic assumption, and the principal norm for the framework within which the entire production processes have to operate” (ibid: 13). This is, however, not accompanied with the Right to Work because Prof. Murray thinks that in most circumstances the logic of capitalist system of production cannot guarantee employment for the entire population. The second function is Economic Liberalisation, implying the free movement of goods, money or people within a specific territory. Third, the State attempts at regulation of business cycles and economic planning. Here the aim of integration is not simply removal of discriminations but ensuring production harmony. Within the input functions the state ensures the existence, regulation and control of labour, land, capital, technology, economic infrastructure and those manufactured products which are important for the economy. The next or fifth function, titled 'Intervention for Social Consensus' (ibid: 12), includes the State’s efforts to regulate the “most manifest disruptive effects on and exploitation of non-capitalist classes” (ibid: 16). The last function concerns the State’s role in regulating vital organisational relations with foreign countries within both domestic territory as well as abroad.
On the one hand, the State supports the expansion of its own capitalists abroad, destroying the domestic barriers of other countries. On the other hand, the State gives support to domestic capitalists in the competitive market and build up a monopolistic function for them in the internal markets. From these functions other functions are derived, e.g. securing 'demand' in the form of mass purchases from the private sectors on long-term contracts, ensuring taxation, enforcing and protecting particular monopolies or groups within the capitalist system, providing aid to ailing sectors and firms, and last, but not the least, absorbing the surplus.

According to Desai, though Prof. Murray had highlighted the functions of capitalist states in western industrial countries, the same features are more or less present in the post-colonial states of the Third World. In his opinion, States in the Third World are enthusiastic and aggressive actors in the reshaping of their socio-economic structures which include eradication of poverty, economic underdevelopment and other distortions. It is apparent that through their economic measures and regulations they are ushering in particular types of socio-economic systems.

The first thing to note about the capitalist State in India, says Desai (1965:1455), is its reliance upon the upper classes for development. It has already been noted (in the previous chapter) that in the rural scenario the State depends upon the rich farmers, also known as Progressive Farmers, for ushering in progress in the agrarian sector. In the same way, the industrial capitalists along with the upper managerial and professional classes are playing a similar role as harbingers of development and progress in the urban sector. This dependence upon the propertied and affluent classes as agents of development, while neglecting the potentialities of the lower and non-propertied classes as possible drivers of progress, clearly indicates "that the State is attempting to reshape the society and economy on a capitalist basis" (Desai 1977:19).
The second pointer to the class-basis of the State's developmental initiative is revealed through the creation and importance of the Public Sector. In popular perception the growth of public sector is associated with the expansion of socialism and curtailment of capitalism. But right from the beginning of the twentieth century, in fact, as early as the formation of the Bombay Plan (Desai 1981:122ff) in the 1930s during the colonial period, "public sector enterprise has become an important and probably an indispensable part of modern life," (Desai 1985: 4; 2000: 78) not only in India but in western capitalist countries like the U.S.A. as well. In fact, to Desai (1977: 20) public sector is the "most overt expression of the economic function of the State." To trace the history of the growing importance of public sector in India, Desai says that the destructive and disruptive role played by the colonial system upon India's economy had convinced the Indian capitalist class that the post-colonial State after independence should take an active role in economic development and reconstruction. For that purpose an active and vigorous public sector should be created for the growth of a prosperous society along capitalist lines. Furthermore, due to the historically inherent weakness of the capitalist class, as a consequence of its birth under colonial auspices, the State should take the responsibility of building industrial and general infrastructure and overcome economic retardation. This was completely in tune with the contemporary development of capitalism in the aftermath of world economic depression of 1929–33 and the Second World War, when the State intervention in economic matters became a legitimate and indispensable function of the modern government.

After highlighting the four varieties of economic activities in which public enterprise should emerge as said (Desai 1985: 4–5) by Professors Lilienthal and Marquis, Desai proceeds to the important issue of indispensability of the public sector. He points out after Ignacy Sachs that the State's aggressive, interventionist role is due to the fact that the State alone is the biggest possessor
of the "means of mobilising adequate supplies of capital and managerial skills" (Sachs 1964:18; Desai 1985: 5) and best qualified to undertake the development of various infrastructural and other facilities necessary to overcome backwardness. This factor elaborates why development through private enterprise has become a matter not of choice but of necessity. The State's dominant role in the shaping of economy was desired not only by the capitalist class but by the masses as well. For the latter, the State replaced the foreign ruler and was necessary "for removing their poverty, for providing jobs, purchasing power and also adequate production for improving their standard of life" (Desai ibid: 8). However, the active role of the State in economic development, cautions Desai, should not be confused with socialism—the role of public sector has to be assessed in terms of larger economic policies to determine its nature and orientation.

After independence the Government of India inherited a public sector which had been built to serve the colonial capitalist interests. The State continued with this sector as private capital was too weak and inadequate to invest in such expensive but necessary infrastructural facilities. As long as the capitalist class was not capable of undertaking responsibility for vital sectors, the key industries were nationalised. But such nationalisations, rather than ushering in socialism, was actually oriented towards satisfying the need to expand capitalism. The impulses, behind the development and expansion of public sector in India can be summarised in the words of Desai (ibid: 27), "...that it does not crack under the anarchy of production." The State also has to ensure that, in the transition from subsistence to market orientation, in a country where purchasing power of a vast section is extremely low, the market neither breaks down nor swerves in favour of only one fragment of the capitalist class.

Desai highlights some other pointers which reveal that the public sector in India is fully committed to developing a capitalist socio-economic system. For instance, the government has the constitutional responsibility to compensate
property-owners for state requisition of their property for developmental purposes. On the other hand, constitutional absence or lack of assurance of work to the people reveals the non-socialist basis of our society and economy. Again, Desai points out that the State policies are framed in such a way and the pattern of resource mobilisation gives the minimum burden to the capitalist and the rich farming classes while the brunt is borne by the rest of the citizens comprising of workers, small peasants, artisans, salaried persons and their dependents. Furthermore, the employment-generating capability of the public sector in India is quite insignificant in comparison to the developed capitalist as well as socialist countries. Orientation of employment is essentially towards government services and non-commodity generating tertiary sectors like trade, commerce, communication, etc., which "... generates demand, but is not engaged in generating wealth... it plays a very limited, distorted role which suits the infrastructure and demand generating needs of capitalism in backward countries" (ibid: 30). All these impulses make it clear to Desai that "...the public sector in India has been carefully nurtured to counter socialism and strengthen capitalism in the country" (ibid: 28-29).

According to Desai (ibid: 41), even the pro-Soviet Marxist scholars like Ajit Roy (1965) admits that the State has not conceived the public sector in India as an instrument to gradually replace the private sector. In fact, Morarji Desai had also stated the policy objective, "...by far, the greatest part of the activities of the state is directed to creating the pre-condition of private initiative and enterprise and to strengthening them by assistance of various sorts" (ibid: 41; 1984: 82). This view has been reiterated by Ajit Roy who says that, "what is more significant in this connection is that the various economic policies and actions of the government of India have, in fact, in spite of all socialist declarations, tended to promote further consolidation of monopolist groups" (Roy 1965 as cited in Desai 1985: 42). The C.P.I. in 1961 was critical of the working of the public sector in industry. In its opinion (Political Resolution, draft
prepared by 21 members of the national Council, C.P.I., 1961, p.37; also cited in Kaviraj 1979: 466) instead of being created and extended on a democratic basis, it has come under the control of bureaucrats. Furthermore, there are proposals through formation of independent corporations, through the sale of shares etc. to make it less amenable to democratic control. Without a democratic basis, the public sector will become a plaything of the vested interests and will fail to become a determining factor in the country’s economy.

The pro-Soviet Marxist theoreticians had also argued in favour of the Indian public sector and State Capitalism, that, it has the capacity to usher in a rapid process of industrialisation, thereby enabling the country to overcome its backwardness. Consequently, they had faith that there will also be a concomitant rise of national and per capita incomes to a level at par with some industrialised countries. Desai, however, argues (ibid: 48) after Ernest Mandel, eminent Marxist scholar and leader of the Fourth International, that as a backward country lacks adequate development of market so the process of industrialisation does not seem very profitable from the capitalist viewpoint. As a result, funds and capital are diverted from industry to trade, real estate, hoarding or even export of capital. Consequently, levels of industrialisation and productivity of labour remains low on the one hand and there is no stimulus for private industrial enterprise on the other. Thus, "poverty breeds poverty" (ibid). This has become evident in India where the national bourgeoisie, through the public sector, has neither been able to industrialise the economy nor has been able to stimulate a high rate of growth capable of overcoming the backwardness of the economy to take it to developed level similar to a western industrialised country.

The third important factor which gives credence to the claim that the Indian State is pursuing a path of economic reconstruction through the capitalist way is evident through its orientation to Planning. After independence the basic policy of Indian economic development was translated into action
through recurrent Five-Year Plans. The idea of planned economy emanates from the erstwhile Soviet Union where Plans were elaborated for economic development for the first time. However, Soviet Planning, built on the premises of socialism, was based upon a structurally transformed social order grounded on elimination of the capitalist class, abolition of the profit motive in production, need-based production and last, but not the least, social ownership of the means of production. But the system of planning undertaken in India did not conform to these stipulations. In fact, Planning in India did not involve total nationalisation of the means of production, distribution and exchange in the industrial sector. In the opinion of Jawaharlal Nehru, so long as the private industries remained operable, manageable and employed many people, they were not to be brought under the ambit of state control (Desai 2000: 77). This, to Desai, signified "welfare economics" rather than socialistic pattern based on social ownership of the means of production. Planning required allocation of resources for various areas brought under the Plans for development. However, this task became quite difficult and complicated in India as it had to cater to the needs of the bourgeoisie at the same time. For this incentives were given for the maintenance, operation and development of a substantial private sector side by side of the public sector. In addition, the government started a number of financial institutions and other corporations to aid the bourgeoisie in the quest for power and strength. The government also showed favouritism and nepotism to particular sections of the capitalist class.

These characteristics reveal that Planning in India has benefited the bourgeoisie only, and those too only particular sections of the same. Desai cites the research done by Sri M.M.Mehta (1952, 1955 as cited in Desai 2000: 85) where the latter has identified an unmistakable trend of concentration and centralisation of ownership and control of the means of production in the firms of a few managing agencies. Another alarming trend has been absorption of smaller companies and trusts by their bigger counterparts on the one hand, and
amalgamation of the latter with vast financial and managerial resources on the other, leading to close links between industrial power and financial power. Furthermore, the system of multiple directorships has resulted in concentration of industrial power in a few hands. These have had two consequences: on the one hand, exploitation of labour and sacrifices by the masses has led to prosperity in the industries under private control; on the other hand, industrial power and destiny of Indian industrialisation has been concentrated within a few families, creating a system of "industrial oligarchy" (ibid: 86).

Big Business in India enjoys close links and influence in the government. True to Marx's idea that the ruling class in each epoch shapes the ruling ideology, so also the Big Business in India is shaping "the ideological and cultural life of the Indian people" (ibid: 87). Concentration of wealth enables the big industrial families and groups in India to control the medium of shaping public opinion like the media, cinema, educational institutions, etc. Moreover, provisions of discriminatory facilities to selected few within the professional and middle classes, those who are needed for the smooth functioning of the State administrative and economic apparatuses, breeds conditions of family, caste, communal and provincial conflicts. Hence, the developing social and cultural trends in India will also have to be understood against the background of capitalist economic development.

Thus, in the industrial sector as well as in the agrarian sector (elaborated in the previous chapter) we find a similar trend of development along capitalist lines where the government seeks to achieve the transformation within the matrix of mixed economy. In this process of development the first priority has been the strengthening of the capitalist and other propertied classes. The other priority has been to permit these classes to retain their augmented wealth to the extent that they felt sufficient incentive to carry on the process of production. As has already been stated earlier that, on the one hand, the brunt of resource mobilisation was laid at the shoulders of the working people; on the other hand,
surplus wealth of the propertied classes, which could have been, but had not been annexed and utilised for developing production. Thus, says Desai (ibid: 97), "the huge hoards of gold of the rich classes, the great wealth accumulated in the hands of the princes, the landlords and the capitalists, the enormous sums of undisclosed and fraudulently concealed profits of industrialists and other wealthy groups, the vast wealth in the hands of religious and other charities and trusts, profits of the foreign capital invested in India..." were some of the reserves which were not mobilised by the government. Furthermore, "it also undertook to provide generous salianas to the princes, liberal compensation to the zamindars, and financial aid from the state revenues to the capitalists...it even compounded the undisclosed and unpaid tax amounts from a big section of the capitalists" (ibid: 98). Such drain and mismanagement of the country's resources, already impoverished by colonialism, proves once and for all that preservation of the capitalist economic structure was more important than development which would have ensured welfare of the people.

Desai points out an internal contradiction of capitalism which has become apparent through India's system of Planning. On the one hand, the principal burden of financing the Plans has been imposed upon the common people through heavy taxation and other means. On the other hand, due to the above-mentioned reason the purchasing power of the working and middle classes is continuously on the decline. This, in turn, leads to the shrinkage of the internal market for consumer goods' industries. Hence, the very source of financial resources to finance the Plans also dries up. Consequently, the main brunt is felt by the light industries which undergo a semi-crisis and the heavy industries suffer due to decreasing demand for their products. As a consequence of the cumulative effect of all these factors of "structural disequilibrium" Indian economy is undergoing a lopsided development.

To counter this concerted action by the bourgeoisie is necessary, but Desai notes a contradiction between the two wings of the bourgeoisie. One wing,
under the leadership of Jawaharlal Nehru keeps faith in the extension of the public sector and its predominance in the development and determination of the character of national economy. The other wing, led by Morarji Desai and the Swatantra Party is in favour of alliance with international capitalism, greater initiative and facilities to the private sector and lesser number of social welfare programmes. However, both wings, true to their class character, do not wish to disband the system of capitalist economic development. Hence, the Congress government through large-scale industrialisation, commercialisation, mechanization and monetisation of economic processes has created an acquisitive society where all measures for social welfare and higher standards of life have foundered. This is not a unique Indian experience because capitalism itself, by laws of history, has become the biggest obstacle to free and rapid development of productive forces. Says Desai (ibid: 105-106), “the capitalist system has grown almost insane... the history of social development in India during the last twelve years of Congress rule is a tragic confirmation of this basic truth.” This submission is most reinforced by the policies of industrialisation pursued by the Government of India. A close perusal of India’s industrialisation policy will reveal the direction of economic development, patterns of institutions and associations, distribution of material wealth among various strata and the particular type of social, institutional, ideological and cultural pattern of the country.

As has already been noted, India has opted for the capitalist mode of industrialisation. This policy has been reflected in the gradual but partial destruction of feudal social relations and institutions, to be replaced by the “principle of competition and acquisitive motif in all social relations and institutions” (ibid: 117). For instance, certain hallmarks of feudal society like importance of birth and status, specific forms of mutual aid and communal cooperation, dissolution of traditional and customary groups like joint family, caste, village community, etc., and control exercised by them has been replaced
by a ruthless and competitive struggle for more wealth, isolation of the individual in the competitive market where profit is the sole incentive and competition is the main guiding factor of all relations between individuals. Furthermore, India being a post-colonial country, did not have the luxury of initiating a process of industrialisation to be spread over several decades and accompanied by concomitant revolutions in agriculture, commerce, political system, values, culture, etc. In addition, instead of drawing on huge reserves of colonial super-profits as enjoyed by the ex-colonial masters, India had been virtually bankrupt economically at the time of independence. Hence, the industrialisation process in India has been lopsided, increasingly widening the gap between the rich and the poor.

Desai identifies certain features of this industrialisation process in India. For instance, the traditional associational, institutional and cultural framework was not replaced by the capitalist counterpart—parallel changes did not occur in various aspects of life. On the contrary, the dominant capitalist class, conforming to the general tendency, actually utilised the old institutions, values and systems of social control, as far as possible, for their own interests and advantages. This policy had two effects. On the one hand, loyalties based on family, caste, religion and region are maintained and utilised. On the other hand, these same loyalties prevent the employees and workers in particular, and the people in general, from uniting along class lines. Consequently, a contradictory phenomenon has emerged: "The more the dislocation of the life of the people and uprooting of the old values among them as a result of bourgeois industrialisation, the greater becomes the need for the bourgeoisie to hark back to the old values to retain its hold over the people" (ibid: 119). Consequently, the urban upper classes tend to utilise the new facilities and consumer goods of modern times but still conform to the values of the feudal and pre-capitalist period. Thus, "a hybrid culture which is decadently luxuriant" (ibid: 121) is being elaborated which is modern and consumerist in form but
'non-secular', 'oriental', 'conservative' and 'status-preserving' in essence (ibid). This culture, furthermore, combines the upper caste values of feudal India with the upper caste values of modern capitalist India, both of which are authoritarian in nature and quite distant from the masses. This cultural separation between the upper and lower echelons of society reinforces the rich-poor divide in modern India. The lower classes also tend to cling to the feudal and semi-feudal institutions, values and loyalties, though for completely different reasons. In a post-colonial society the historical weakness of the bourgeoisie prevents them from ensuring proper social welfare and social security measures. As a result, the vast mass of poverty-stricken people cannot relinquish totally the strings of feudal institutions, values, loyalties and attitudes which afford them some sort of security but "have a tendency to conserve those feudal institutions, nourish feudal emotions and also perpetuate feudal cultural outlooks" (ibid: 124).

Education is another sector where conscious strategies have been undertaken for the development of a capitalist system. Education always remains a crucial area because it is through this that the war of ideas takes place. The sole orientation of education during the colonial period had been to train personnel for the smooth running of the politico-administrative-economic apparatus of the State. Consequently, issues like mass education, technical education, development of vernacular languages as well as an all-India common language, etc., had been totally neglected. Colonial education policies had not made any attempt to liberate the people from reactionary medieval ideologies and ideas, crude superstitions and authoritarian conceptions of social relations. After independence the primary concerns were general education accessible to the masses, secular nature of education and knowledge, development of an all-India language in place of English as well as spread of English among the people as a medium of interaction in the international sphere.
However, says Desai, after independence the government has not been able to evolve "a scientific and rational pattern of education both in content and the method of organisation" (ibid: 109). In India a uniform and universal system of education, so far as course and syllabus, number of academic years, medium of instruction etc. are concerned, is yet to be established. Education has not been included within the Union List, but being under Concurrent List, comes under the purview of the Union, the provinces or States, as well as the Local Bodies. This has prevented the making of uniform policies. Furthermore, its lack of inclusion among the Fundamental Rights reveals the lack of priority accorded to it by the national State. Funding for education is also insufficient compared to the needs and to the resources allocated to other departments like expenditure on the defence sector of a State where the government is "wedded to non-violence" (ibid: 110). Failure to evolve a uniform national language policy is creating generations which are growing in number but weak in expression at the all-India and international levels.

However, the demand for education has grown over the recent decades. In post-colonial situation for technical, managerial, executive, financial, administrative, legislative and other functions demand for well-educated and skilled personnel are ever increasing. But the costs of such education has kept these jobs, commanding high incomes and social prestige, confined within a small stratum of affluent people who can procure such education with money. Naturally, such education and employment opportunities remain outside the reach of the working classes. There have been two consequences: on the one hand, higher and specialised education is limited to the students coming from the upper strata of society and thus, "they monopolise...higher and lucrative posts in economic, administrative, political, educational and other spheres" (ibid: 114). On the other hand, members of lower and lower-middle classes, having limited education, find that the jobs at lower levels are not adequate, either qualitatively or quantitatively, for their growing numbers. Hence, we find
an increasing number of educated unemployed over the years. According to Desai (ibid.), such paradoxes are inevitable when Planning is carried out under capitalist postulates.

In this way Desai identifies various ways in which the State in India has been actively pursuing development through the postulates of capitalism. However, before going into the actual issue of 'Development' it is necessary to have a brief look into the ideological currents being propagated after independence. Desai begins with the observation that "The history of all societies shows that the dominant culture of a society is the culture of the dominant class, the class that is in command of the economic and social life of that society" (ibid: 131). It is already apparent that after independence as India consciously pursued a capitalist path of development so the bourgeoisie is the dominant class in India. Therefore, the dominant culture of India is the culture of the bourgeoisie.

Historically capitalism is born from the remnants of feudalism. Hence, ideologically the two are complete opposites of each other—feudalism signifies religio-mystical thought process while capitalism indicates the establishment of scientific, rationalist, materialistic culture. In its struggle against feudalism in the West European countries capitalism had replaced the feudal reactionary religio-mystical culture with its scientific rationality. The same, however, did not happen in India.

Desai highlights certain reasons for this. Historically Indian capitalism did not emerge in the process of a struggle against feudalism—it developed as a colonial appendage to British imperial capitalism. Hence, on the one hand, Indian capitalism did not smash the feudal thought-process, way of life, philosophy, ideology or culture in the course of its development. On the other hand, due to its colonial origin and belated arrival it could never reverse its weak historical position. Consequently, after independence it could never acquire the strength to impose its rational-material culture upon society. In fact, Desai cites
a number of examples where it becomes clear that the bourgeoisie, unable to resolve the contradictions and crises of capitalism, reverts more and more towards the religio-mystical outlook of the previous era. For instance, the renaming of independent India as 'Bharat', adoption of Dharma Chakra which belongs to India's pre-Muslim past as a national symbol, efforts to reconstruct Hindi with a "Sanskritized flavour" as an all-India language, popularisation of "religious and superstitions-ridden festivals," efforts at socio-moral transformation of society through orthodox and conservative reorganisations of Hindu society, propagation of religious education and last, but not the least, efforts by outstanding leaders and statesmen to "evolve a basic approach to Indian problems on Vedanta ideals...to shape the ideological and cultural content of the Indian intellectual 'renaissance'" (ibid: 133–134). Hence, the scientific outlook, causality, progress, optimism and secularism in its positive sense, says Desai, are being discarded in favour of idealistic-religious-theological world outlook. This is spreading its reactionary influence to "befog the reality," giving "a myopic picture of the physical universe and the social world, a misexplanation of the fundamental causes of the economic and social crisis" confusing "the consciousness of the masses" to divert them "from advancing on the road of scientific solutions of their problems" (ibid: 134). Thus, the idealistic and religio-mystical philosophies of the ruling class and the crude mythological culture of the masses constitute the dominant culture of India today.

Social and cultural poverty marks the cultural tradition of the lower classes of urban India. Slum life, overcrowding, bad housing, paucity of resources, lack of space for recreational activities are added to the problem of disparity between the demands of the workers and their satisfaction. In the opinion of Desai, capitalist planned economy can in no way provide adequate standards of work and life to the people. In rural India the new principle of equality of citizens as the new basis of social organisation has disturbed the centuries-old status-based, non-competitive, hierarchic and non-equalitarian
caste system. But in place of ushering in equality among individuals, the process has unleashed a struggle among castes to become equal, often the struggle becoming violent and bloody. Thus, the caste system which had made every caste complementary to others in a total social system has degenerated to make India a vast battlefield of numerous castes and sub-castes. Often the competition among classes are reinforced by conflicts among castes—the upper castes becoming the wealthy and propertied classes while the lower caste peasants are being more and more pauperised to form the lower classes. Hence, one can summarise after Desai (ibid: 131) that “the policies of the Congress government fail to achieve the amelioration of the conditions of the people since these policies are based on the postulates of a capitalist economy and endeavour to accomplish that objective within the framework of the capitalist system which, in the given historical situation, is not possible of achievement.”

The survey of political, economic, socio-cultural and ideological parameters of the policies undertaken by the Indian State reveals its definite bias towards capitalist developmental postulates while declaring the adoption of a ‘socialistic pattern of society’. In the few decades since independence the State has failed to “liquidate mass poverty, mass unemployment, mass illiteracy and mass ignorance;” it has not been able “to completely destroy the reactionary caste and other inherited feudal institutions” (ibid: 137–138). On the other hand, within the matrix of capitalist property and social relations a flourishing agriculture, a prosperous industry, recasting of feudal institutions in a democratic mould, full blossoming of civil liberties, a replacement of feudal obscurantist-idealistic religio-mystical culture by a truly scientific and artistic culture has not been accomplished. The questions that come to mind had been raised by Andre Betteille and cited by Desai (1998:135–136): what has gone wrong with the political order that invoked so much enthusiasm at the time of independence? Or, can the political institutions set up, or policies adopted, after independence
fulfil the avowed missions of the State? Or, why was the political order unable to counteract the pressures of a traditional, feudalistic, social structure? To sum up, where did the declared policy of capitalist development go wrong? To know the answers to these questions it is necessary to understand the present crises facing the Indian State.

The illusion of higher phase of development through the capitalist path in advanced industrial countries has been shattered by the middle of the second half of the twentieth century. The crisis of the post-colonial countries, pursuing a capitalist path of development in an age when capitalism itself has become moribund, has become even more acute. Desai cites (1986:VIII) the document entitled “The World Political Situation and the task of the Fourth International” which took place in January 1985 and was published in the Special Issue of the International View Point to highlight the crisis facing the developing and underdeveloped countries.

According to some Marxist scholars, the post-colonial countries, inspite of acquiring independence politically, still suffer the ignominy of being neo-colonies because they are deliberately being kept underdeveloped. In these countries, in most cases, the compradore-semi feudal classes constitute the ruling elite and they serve as puppets of their erstwhile imperialist masters. In these societies two contradictory tendencies become evident. On the one hand, there is limited but definite growth of infrastructure, heavy industries, transport and communication, a modern service sector, urban proletariat as well as a class of rich farmers, wholesale and retail traders etc. On the other hand, the developmental projects are not really people-oriented and for that Desai highlights instances like rapid polarisation between classes, “almost exponential rate at which pauperization of vast mass of peasantry and their proletarianization” (ibid: III) is taking place. This is the crisis facing State as a consequence of the imperialist-capitalist agenda of neo-colonialism.
The ruling elite in India in the 1980s, under the stewardship of the Indian National Congress and Prime Minister Rajiv Gandhi, also followed dual policies which were contradictory to each other. At the international level India is a champion of non-alignment. However, at home the Rajiv regime is allocating more and more funds for militarisation “in the name of ‘maintenance of Law and Order’, ‘preservation of National Integration’ and security of Indian territory” (ibid: V). Furthermore, the increasingly prominent authoritarian nature of the government is revealed through policies at various sectors. For instance, a massive capital-intensive, sophisticated industrialisation process is underway for strengthening of the Defence sector at the expense of Welfare and Social Service; at the political level state boundaries are redrawn and territory of one province is transferred to another in a completely arbitrary manner; concessions, incentives, facilities, liberalisation of license permit and other opportunities are given to the private sector in a country which constitutionally professes to follow a ‘socialistic’ model. Such capitalist-oriented domestic policies are reinforced at the socio-cultural-ideological level also. Desai gives two examples: the norms and values of the ruling class are inculcated within the education policies and the entire system is made more elitist, authoritarian, costly and therefore, out of bounds for the toiling millions. Another area which is being remodeled is the media sector where the “Rajiv Gandhi government is rapidly evolving a sophisticated media policy and streamlining it to suit the Rulers’ purposes” (ibid: V). All these policies, says Desai (1989:1887–89), “adopted by the Rajiv regime have exhibited their pro-rich, pro-properitized, anti-poor and anti-toiler orientations more openly and more ruthlessly than those of the earlier regimes.” Hence, these policies have increased caste, communal, regional, religious, ethnic and other conflicts among the exploited and oppressed-classes and strata. Interestingly, Desai concludes, that these strategies and moves are deliberate on part of the ruling elite in order to prevent the endeavours of the downtrodden masses to unite and mobilise against the
consequences of capitalist industrialisation and developmental process. So the conflicts have not arisen as a result of the crises facing the State; on the contrary, they are, to a large extent, manufactured by the State in order to divert the attention of the people from the ruthless and inhuman effects of capitalist developmental process. In this way the leadership was also trying to divert attention from the endemic bourgeois crisis of political instability. In fact, even the huge electoral victory of Congress in December 1984 could not solve this crisis as became evident in political developments since the late 1980s.

On the basis of this analysis Desai comes to the conclusion (ibid: 26) that the Indian bourgeoisie among the bourgeoisie of the semi-industrialised countries “is the most independent in relation to imperialism.” After independence the Indian bourgeoisie kept its domestic market isolated from the world market in order to facilitate its integration into the latter at a later stage and on more favourable terms. Thus, while maintaining an annual growth rate of 4.5 per cent since 1980 (Desai 1986: 26) it could also remain immune from the recession which hit the main imperialist countries first and then the dependent, semi-industrialised countries in the late 1980s. But even so, economic development has failed to overcome mass poverty, growing unemployment, lack of infrastructural development and imbalance between agriculture and industry. The dismal employment scenario under the impact of inflation, the freezes imposed by the State and the pressure of industrial reserve army is continuously shrinking public expenditure, especially social expenditures. The double blow of reduced real demand and the restriction of expenditures for public infrastructure have resulted in decreasing levels of investment in the public sector. Capitalist penetration of the countryside has resulted in a growing number of small landowners, farmers, sharecroppers etc. geared to the needs of capitalist agriculture. On the other hand, new layers of peasantry are being proletarianised, leading to mutation of work relations in the rural areas and mass exodus towards the urban centers, increasing vastly the
quantity of members and areas of the giant slums surrounding the urban-industrial sectors. This vast human labour resource creates a reserve pool of pauperised masses that corresponds to the needs of capitalist exploitation and unleashes a process of 'superexploitation'. The features of this superexploitation may be summarised as: substantial lowering of the rate of labour-power, the most extreme casualisation of employment, maximum lengthening of the working week, lack of any form of contract and most elementary social benefits, growth of child labour, severe lack of adequate work conditions and safety measures leading to accidents and health hazards (ibid: 22ff). Thus, all "this has called into question the very model of development these bourgeoisie implemented with the blessing of imperialism" (ibid: 22).