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The role of state and (under) development process in India: A social capital critique and way forward

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Abstract
The role of state and its involvement in the body and apparatus of its organic whole has transformed drastically over a period of differentiated time and space meaning thereby that it is largely determined by the political economy imperatives and development dynamics in a particular context. The interventionist state in this context creates its own narratives and guidelines that foster the neoliberal logic of development which ultimately result in prosperity in certain regions at the cost of many resulting in peripheral underdevelopment. This paper examines the intersectionality of role of state and its consequent effect on development dynamics in India. The results indicate that the role of state in guiding development activities has increased over a period of time in not only creating right conditions but also how to manage it curry favor with certain regions. The concept of (under)development can help a lot in understanding the different levels of development in the country.

Keywords: State, (Under) development, Dependent Development, Peripheral underdevelopment, Social Capital, India.

Introduction to the Problem

The word underdevelopment does not refer tom a stage, a precondition or lack of development in any situation. On the contrary and in hindsight, it stands for all pervasive distorted development. It symbolizes the type of development originating through the same processes of spatial interaction among regions or countries which bring prosperity in a few at the cost of many regions meaning thereby that the direction, intensity and pace of change in the latter remains exclusively a function of the needs of the former. In short, it could be equal to development through dependence and distortion. Thus, in certain respects of the term, underdevelopment could be interchangeable with development with a difference. The study on underdevelopment begins with colonialism and traces the forms and to some extent the levels of direct colonial exploitation in the dependent countries.

Development and underdevelopment both are dialectically related (Palma 1978) [15]. Just like the paradigm of development has undergone a change, in the same way, the underdevelopment paradigm too has changed. Paul Baran (2019) [4] systematically identified the morphology of the backwardness of the developing countries. Since the time of Andre Gunder Frank (1966; 1974; 1979) [8, 10, 11] and Amin Samir (1978; 2005) [2, 3], it has entered a new era. The nature of underdevelopment has undergone a major change. So today, it is not yesterday's underdevelopment but today's (under) development which is crucial for our understanding of the most backward societies Kumar 2013; 2018; 2020) [12, 13, 14].

Frank (1967) [9] gave the concept of underdevelopment largely in the case of Latin America. Samir popularized this in the case of Africa. But the relevance of this concept came into question in the case of the East Asian economies particularly, South Korea, Taiwan, Singapore, Thailand and Hong Kong etc. Since the industrial revolution started in England in the 17th century, colonialism helped the western European countries in their quest for markets and export of surplus capital for increasing returns.

As the last decade of the 19th century ensued, colonialism entered the last phase of finance capitalism. There was a marriage between finance capital, industrial capital and national capital in the metropolitan countries and the former colonies. This unholy alliance between the three facilitated the transfer of economic surplus from the colonies to mother countries. It was no longer profitable to retain colonies geographically. So, the colonial powers began to look for new institutions that could facilitate economic surplus flowing unhindered from former colonies. The multilateral institutions like General agreement on tariffs and trade (GATT) and Bretton Woods institutions were set up in 1945.

This paper attempts to reconceptualize the role of state and its role in development and consequent underdevelopment process in India. The main objective tried to answer the question that underdevelopment concept mainly studies development in terms of economic capital which is not only insufficient but also not capable of understanding the dynamics of complexity and dependent nature of developing countries. However, this paper does not claim to study each and every aspect of underdevelopment process. Only few selected indicators are chosen as per availability of data and suitability of paper under discussion.

Materials and Methods

The methods and change of inquiry regarding state and its role in development processes are varied and vast in nature and scope. It largely depends upon the nature and scope of the problem and the objectives under consideration. State-society relations have received considerable focus in the literature with due insights from data sources. Here also, there is considerable reliance on certain data sources like Registrar General, Census of India, National Family Health Survey (NFHS)-1, NFHS-2 and Economic Survey, Ministry of Finance, Govt. of India. Some states are excluded for reasons of easy of cohesion and comparison in data analysis. The study only tries to explore the initial picture prevailing in terms of the relevant indicators as mentioned therein.

Underpinning the role of Interventionist State

After the great depression (1929-1933) in United States of America, Keynes advocated a policy of state intervention to increase effective demand. The state became involved in the major economic activities which had a direct impact on the economic and social life of the people. In the 1970s with the oil crisis, major privatization initiatives were undertaken in Britain and France. The state withdrew from most of the social security benefits and huge subsidies for the social sector and agriculture. International Monetary Fund and the World Bank pressurized the developing countries to curtail subsidy to agriculture and social sector.

Appropriation of Potential Economic Surplus

Paul Baran (2019) [4] states that there are various components of economic surplus. Accumulation of surplus is most significant in understanding the distorted development process in the third world countries especially the potential economic surplus. Potential economic surplus is the difference between the potential output produced under given conditions and essential consumption.

Potential economic surplus is identified by society's excess consumption, output lost to society through the existence of unproductive workers, output lost because of irrational and wasteful organization of the existing productive apparatus and the last one is the output gone waste due to the existence of mass unemployment. There is some difficulty in the measurement of potential economic surplus as it transcends the current economic theory. But Baran (2019) [4] says that the objective reason is the most appropriate for the analysis of the differentiated economic and social life of the people. Nevertheless, these difficulties do not diminish the importance of this concept.

Western European countries expropriated the potential economic surplus of the countries of Asia and Africa. This appropriation finally led to (Under) development of the economies of Africa, Asia and Latin America. Transfer of this potential economic surplus resulted in development in Western countries and (under) development in the former colonies of Asia and Africa.

(Under) development incorporating Social Capital

"Social world is accumulated history", writes Pierre Bourdieu (1985) "In the Forms of Capital" paper. For analyzing the social and cultural characteristics as a whole, it is necessary to restructure the concept of capital. As the globalization spreads its tentacles to the far corners of the world, it is the social capital of the people which is getting eroded. Underdevelopment should not only be seen in terms of appropriation of potential economic surplus but also in terms of decline of social capital.

Traditional societies have always possessed rich social capital in terms of intensive social networks and obligations. But gradually as the societies become more urbanized, traditional bonds of social networks are weakening. This weakening of social bonds leads to leads to fragmentation of families resulting in social conflicts which in turn results in crime pathology and ultimately destroys the social and cultural fabric of communities and nations. The concept of social capital has evolved a gradually aligned itself with the major social science issues.

(Under) development is intricately linked with the development process. However, this (under) development need not just be looked at through circulationism, Gross National per capital and through the narrow angle of Human Development Index (HDI). But it needs to be looked at from the people's perspective in terms of their formal and informal institutions, traditional knowledge, Common Property Resources (CPRs) and in terms of relative mutual trust based purposive action. Although there are serious issues of measurement and quantification, they can be overcome by relying on proxy measures until the direct measures are not available. This paper is an exploration in this direction.

Results and Discussion

Neo liberalism and Chronic (Under) development at the Regional level in India

India inherited an exploited and highly disarticulated economy from the British in 1947. In India, land reform measures in most states failed because the rural elites joined the Congress and sabotaged the process from within (Das 2001) [6]. Only two states of West Bengal and Kerala were able to implement land reform to a large extent. Green Revolution in India was another major state led initiative to take country towards self-sufficiency in food production. Major investments were made in agriculture in 1970s and 1980s. 1980s was a golden period for agriculture growth when Green Revolution spread to eastern parts of the country. Growth rate of agriculture was also close to 4 percent or more. Growth in agriculture also stimulated industrial production. But this was short lived.

In July 1991, India adopted the structural adjustment programme under International Monetary Fund (IMF) directives after Balance of payments crisis. Under IMF, conditional ties were forced to cut down subsidy to agriculture and it started a major deceleration growth in agriculture. Growth rate fell to 2 percentage and even turned negative in late 1990s and in 2002- 2003. So, agriculture which employed the largest workforce in India headed to a major crisis. Expenditure on Health and education also fell to a meager 1.3 percentage of GDP. The decade of 1980s witnesses a growth rate of 5 per cent in Gross Domestic Product (GDP) and in 1988-89, it reached up to 9 per cent and agricultural production showed a rise of 20 per cent (Ministry of Agriculture 2009) [7]. But the manner of financing this high-speed growth through deficit financing and heavy borrowings in the form of short loans led to balance of payment crisis which changed the direction of the Indian economy (Bharadwaj 1982) [5].

Health care in India is mostly privatized. So, an average citizen cannot afford it. The role of the state reduced in almost all economic activities. From an active player, the state became a regulator of the market. Private capital was encouraged to the maximum extent. Orissa, Madhya Pradesh, Jharkhand and Orissa have most of their population below poverty line. During the planning period till 1980s, India's growth rate has been characterized by the "Hindu Rate of Growth". This shows the utter failure of the state in improving standard of life of the people. It shows the decline of the state led development and its failure in facilitating development of the backward regions.

All this points to undercurrents of an (under) developed economy which consisted of several satellites joined through metropolitan satellite linkages. After 1980s, there was liberalization undertaken by the Indira Gandhi and Rajiv Gandhi, although hesitantly. The decade of 1980s witnessed a growth rate of 5 percent in GDP and in 1988-89, it reached up to 9 percent and agricultural production showed a rise of about 20 percent. But the manner of financing this high-speed growth through deficit financing and heavy borrowings in the form of short terms loans in the form of external Commercial borrowings led to Balance of payments crisis which changed the direction of the Indian economy.

This penetration of the Indian economy by the finance capital led to its ultimate collapse. To avoid this crisis, Indian government adopted the International Monetary Fund Structural Adjustment Program. This structural programme introduced neocolonialism in a new form and the state was the prime agent in this process. The economy was to be gradually liberalized and major sectors of the economy were opened for foreign investment except some reserved strategic sectors. Market acquired a new domineering role.

But the Indian state failed in creating conditions for capitalist development. The inequalities between different regions have increased over a period of time due to the neoliberal policies followed by state (Wallerstein 2006) [16]. Poverty, unemployment and low wages are some of the significant problems faced by the people. The available data shows that Orissa, Bihar and Chhattisgarh, Jharkhand, Madhya Pradesh and Uttarakhand are the most poverty ridden states of India. Some of these states are the most resource rich states of India.

There is severe deficiency of health and educational infrastructure in most states of India. Orissa and Bihar are the most (under) developed areas in this context. Primary Education is the most neglected area. A close look at some of the indicators of human development like life expectancy, Infant Mortality rate shows that there are wide regional variations in the human development across states. Southern states come at the top in terms of longevity of life especially Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Gujarat and Maharashtra have the maximum longevity of life in. In the northern states, Punjab and Haryana

West Bengal is the only state in eastern India which has more than the average life expectancy than the India cut-off. Central India and some states of Eastern India is the worst performers. Madhya Pradesh has the worst followed by Orissa in the Eastern India, Uttar Pradesh and Bihar in the northern part followed by Rajasthan in the west. Similarly, for Infant Mortality Rate, the worst performers are Orissa, Assam and Uttar Pradesh. The best performers on this count are Kerala and Tamil Nadu in the southern states and west Bengal in the Eastern India. Kerala has the lowest birth rate followed by Tamil Nadu in the southern part followed by Punjab, West Bengal and Maharashtra.

So. it does point out those southern states best performers in terms of human development indicators than the other regions of India. Death rates have fallen for most of the states, but it is still highest in the case of Assam, Madhya Pradesh and Uttar Pradesh. Drinking water is one of the most basic human needs. If one sees the Households access to drinking water across 21 Indian states, and then one finds that there are wide disparities in access to safe drinking water both for rural and urban areas. Even among different states this disparity is most evident.

Haryana and Punjab are the top most states in Household access to safe drinking water. There is also rural urban gap in Haryana close to 47.8 percentage, but in Punjab it is 10 percentage. But in most of the southern states except Tamil Nadu, the gap between rural and urban areas is close to four or six times. In Kerala only 6.3 percentage of the rural households are covered while for urban households it is 39.7 percentage. Nutritional status of children is essentially an important indicator of human development.

Data from NFHS-1 to NFHS-3 indicate that although percentage of children classified as underweight has decreased in Gujarat, Chhattisgarh, Himachal Pradesh, J&K, Karnataka, Kerala, Maharashtra, Orissa, Punjab and Rajasthan, Tamil Nadu, Uttar Pradesh, Uttrakhand and West Bengal. The states which show increasing percentage of underweight children are Assam, Goa, Haryana, Jharkhand and Madhya Pradesh. The situation in Bihar, Chhattisgarh, Jharkhand and Orissa is really very acute. This points to higher level of social (under) development. "India shining campaign" and "Inclusive growth" is the politic rhetoric and sloganeering used by different politic parties to appease the masses.

That's why this growth is being termed as "jobless growth". The state is ethically bound to intervene in the market for the welfare of the common man. The current level of (Under) development has resulted due to the withdrawal of the state from the welfare measures, neoliberal policies and off course accumulation of economic surplus in the developed countries in the form of capital flight from the developing and the Least developed countries.

Conclusion and Policy Implications

Therefore, it can be amply clear from the above results and discussion that underdevelopment has to be understood properly in the context of new form of colonies. The new forms of colonial institutions have established themselves over a period of time. The role of the state in guiding developmental activities has assumed greater importance. That's where the issue of political economy is most relevant. With neo liberalism at its peak, the state has withdrawn from most of the social security initiatives. In fact, there is a talk of decline of the welfare state. Appropriation of potential economic surplus has resulted in gross (under) development of the colonies and (under) development is very much helpful in understanding the problems of regional development at the macro, meso and micro levels. have the longer longevity of life.

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