

Neo-liberalism and India's New Economic Policy Some Critical Thoughts

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Abstract

Neo-liberalism is related to laissez-faire economics, a school of thought that prescribes a minimal amount of government interference in to the economic issues of individuals and society. Laissez-faire economics proposes that continued economic growth will lead to technological innovation, expansion of the free market, and limited state interference. Neo-liberalism is often associated with the leadership of Margaret Thatcher- U. K. (1979-1990) and Ronald Reagan – U. S. (1981-1989). More recently, neo-liberalism has been associated with policies of austerity and attempts to cut government spending on social programs. (Kenton Will, 2020). Neo-liberalism is capitalism without leftist illusions (i.e. illusions that there can be such a thing as humane capitalism on a long-term basis).

The article makes a series of critical comments on India's neo-liberalism expressed in the form of the so-called New Economic Policy. It argues, New Economic Policy is more than a governmental policy. It is rather a policy of capital, mediated and implemented by the state. Neo-liberalism is a social-spatial project. Neo-liberalism in rural areas (agrarian neo-liberalism) is particularly ruthless. The objective of the present study is to analyze the impact of neo-liberal economic reforms also known as *pro-market* reforms in India. The article provides a number of critical observations about India's neo-liberalism, as embodied in the so-called New Economic Policy. New Economic Policy, it claims, is more than a government policy. It is, instead, a capitalist agenda mediated and implemented by the state.

Keywords: NEP, Neo-liberalism, India.

Introduction:

Neo-liberalism is related to laissez-faire economics, a school of thought that prescribes a minimal amount of government interference in to the economic issues of individuals and society. Laissez-faire economics proposes that continued economic growth will lead to technological innovation, expansion of the free market, and limited state interference. Neo-liberalism is often associated with the leadership of Margaret Thatcher- U. K. (1979-1990) and Ronald Reagan – U. S. (1981-1989). More recently, neo-liberalism has been associated with policies of austerity and attempts to cut government spending on social programs. (Kenton Will, 2020). Neo-liberalism is capitalism without leftist illusions (i.e. illusions that there can be such a thing as humane capitalism on a long-term basis). Neo-liberalism has different names in different geographical contexts. In the wake of the strikes in southern Europe against cuts in government funding since 2008, austerity is

often synonymous with neo-liberalism. In India, on the other hand, neo-liberalism goes by the name of “economic reforms” and the New Economic Policy (NEP). (Das, 2015)

In many parts of the world, neoliberalism is known by different names. Austerity has become synonymous with neoliberalism in the aftermath of the 2008 strikes in southern Europe against government budget cuts. In India, however, neoliberalism is referred to as "economic reforms" and the "New Economic Policy" (NEP). In India, neoliberal proponents' views have been widely publicised, including in the influential (and slightly progressive) Economic Political Weekly. Reforms qua neoliberalism, according to Bhagwati (2001, 843), a Columbia University economics professor and intellectual proponent of neoliberalism, represent "a reversal of the anti-globalisation, anti-market, pro-public-enterprise attitudes and policies that produced our dismal growth performance [prior to 1991]." These reforms, he claims, are the most essential determinant in poverty reduction.

His theory is that growth produces jobs by putting money in the hands of the government, which can then offer health and other services to the poor, as well as encouraging the poor to invest in human capital. But, if neoliberalism or economic reform is so great, why is it that in one survey, 75% of those who had an opinion on the matter believed that the reforms exclusively benefit the wealthy (Bardhan 2005)? In a situation where markets are becoming less and less regulated and "animal spirit" (private entrepreneurship) is becoming more and more prevalent, neoliberalism must be seen as the restoration and reinforcement of class power (Harvey 2005), specifically the class power that large business owners have over the working masses.

This article presents a number of broad critical remarks about the many aspects of neoliberalism as a class project and links them to the possibility of macrosocial change. There is no attempt to provide detailed empirical evidence for the claims claimed, and there are no substantial references to or deep discussions of the current literature on the subject (amongst many, see Ahluwalia 2002; Byres 1997; Sengupta 2008; Subramanian 2008). Despite the fact that the arguments are about "neoliberalism with Indian elements," they are applicable to a broader audience.

Methodology:

The present study attempts to is to analyze the impact of neo-liberal economic reforms. The data have been collected for the present study through secondary sources. The secondary data have been collected from the published and unpublished sources. The data have been collected through the sources such as, websites, annual reports and statements, books, Journals, Periodicals and reports.

Objectives:

In the light of the issues discussed earlier and the available literature relating to status of neo-liberal reforms in India the following specific objectives are framed for the study.

1. To analyze the impact of neo-liberal economic reforms.
2. To presents broad critical remarks about the many aspects of neo-liberalism.

What Is NEP (Not)?

The NEP isn't just a government programme; it's also not wholly new or just about economics. It was formally established in 1991, and it essentially symbolises the aspirations of the capitalist class, and more particularly, the demands of hegemonic segments of the domestic and diasporic capitalist classes, at a given point in the evolution of Indian and global capitalism. The NEP aims to create conditions in which domestic and foreign capital can invest to make a lot of money, not only by exploiting cheap natural resources such as land, water, forests, and minerals, but also by speculating and engaging in other non-productive activities, as well as by utilising low-cost skilled and unskilled labour. Attracting international investments and strengthening the status of Indian businesses are other essential goals.

As a result, the NEP is first and foremost a bourgeois neoliberal programme, and then a government policy. To the extent that neoliberalism is a government policy, it represents big business's "wish list," which is given sympathetic hearing by pro-market state management. ¹ In addition, opinion-makers in the media and so-called intellectuals, including some from imperialist countries, supply much-needed assistance.

Although the NEP is new, it is not as new as many people believe. Since decolonization, all major interventions, including major anti-poverty policies, have essentially been about propping up a national capitalist regime (with some support from formerly "socialist" countries), a regime that is a little protected from imperialism and a little free of the shackles of poverty.

The NEP is about more than just economics. This is because it must ensure that varied accumulation techniques have the necessary political and ideological circumstances. In this situation, "political conditions" refers to state repression and judicial pressure (including the suppression of democratic rights; to be discussed later). The promotion of market fetishism in all domains of everyday life, including social consciousness, is referred to as "ideological conditions." The concepts of getting rich rapidly by any means and of the market as the dominating method of assisting the needy are associated with market fetishism (hence the popularity of such things as self-help groups and micro-credit in the discourse of development, happily promoted by the state and civil society groups). The NEP is a policy that promotes capital.

Winners and Losers

Neoliberalism has resulted in a small number of winners and a big number of losers. It has disproportionately benefited the capitalist class, particularly those segments that specialise in banking, information technology (IT), real estate, and natural resources, spawning about 109 billionaires in the United States. ³ It has concentrated a massive amount of money — riches created by the labour of the landless masses — in the hands of a few individuals. A portion of this money has been hidden from public view, including in offshore banks. The NEP has undoubtedly brought some foreign technology and lower-cost intermediate items with it. Some educated persons working in IT and related areas, such as

tech-coolies, have benefited from it as well. Many of these people are quick to accept their own reality.

The NEP, on the other hand, has wreaked havoc on India's poorest 700–1,000 million people, including urban proletarians and semi-proletarians, a considerable number of urban small- business owners, and peasants. Neoliberalism has resulted in huge economic inequality, insecurity, unemployment and underemployment, casualization, informalization, increased labour exploitation, and lax or non-existent enforcement of protective industrial laws. Urban labourers, like those in Tirupur's former boom town, are committing suicide because they can't make ends meet.

Rural areas have been particularly hard hit, resulting in a type of neoliberalism known as agrarian neoliberalism or rural neoliberalism. Rural development spending as a percentage of GDP has been declining in recent years. Subsidies for fertilisers, power, and other farm inputs, as well as government investment in agriculture, are all available from the government.

NEP as a Geographical Project

The NEP is implemented as a capitalist class agenda through accumulation programmes that include extensive reorganisation of space relations, resulting in geographical inequity on numerous dimensions. To begin with, a new built environment is being created in order to speed up commodity transportation at a lower cost inside India and between India and the rest of the world, as well as to boost the rate of elite consumption. This process manifests itself not only in the creation of special economic zones and urban shopping malls, but also in the construction of new roads, railway lines (including dedicated railway lines), airports, seaports, and other infrastructure, all of which are used more by the wealthy than the poor (see D'Costa 2005; Levien 2011). Second, in chronological order.

Space production not only helps accumulation and money-making in the methods already mentioned, but it also provides a possibility to create money on its own. Because space – the economic landscape – is a commodity, this is the case. Infrastructure is, without a doubt, big business. Space production also has an ideological component to it. The state justifies cuts in social spending as well as attempts to court private capital through various incentives by claiming that the country requires a huge sum of money for infrastructure. The NEP has also resulted in a great deal of disparity between provinces and municipalities. This is because neoliberal investment, which is primarily motivated by profit, is geographically concentrated.

The political dynamics of uneven development patterns inside and between cities, as well as between states, are fascinating. Regional elites (in states and cities) have some influence over the central government when it comes to pro-business reforms. These regional elites, which are made up of political alliances and local-regional enterprises, compete for external loans and domestic as well as international money. Some states and cities receive more investment than others, resulting in a second layer of unequal economic development on top of the first. Competition between governments and cities becomes a mechanism of

imposing/implementing neoliberalism through discipline and punishment: if a state/city fails to offer enough concessions to big business, it will fail to attract investment.

NEP and Imperialism

The NEP represents the imperialist project and is perhaps a part of it. Global neoliberalism includes neoliberalism in peripheral countries. Since the 1970s, capitalism under the leadership of finance capital has been attempting to reverse many of the concessions made to the working class of advanced countries, such as welfare benefits. And global big business is no longer willing to grant autonomy to periphery states or poor countries' national bourgeoisie, which it formerly accepted following anti-colonial movements. Natural resources, markets, space (including place to dump garbage), and labouring bodies of these impoverished countries cannot be left fully in the hands of global big business.

When imperialist capital exploits India's workers and peasants, a process that the NEP promotes, such a shift of resources occurs. This imperialist exploitation is aided by imperialist countries' governments as well as India's compliant government, which is increasingly filled by pro-market ideologues and neoliberal technocrats, as well as businesspeople (Patnaik 2010). Not only that, but some Indian states follow budgetary guidelines formulated by McKinsey, the International Monetary Fund (IMF), the World Bank, the governments of advanced countries' international development agencies, and "compradore" intellectuals and advisors unduly influenced by these institutions. Neoliberalism (embodied in privatisation, reduction in government spending, and so on) is, in many ways, well-known.

The NEP, Class Struggle, and the Left

The NEP has been both a site and a target of class conflict. This class battle has been waged from both the top and the bottom. Given the NEP's disastrous consequences, it's not unexpected that the working class has risen out against it. Millions of people have gone on strike throughout the 1990s, including a countrywide strike in February 2013. Some of the pushback has been directed against crony capitalism, which refers to the horribly corrupt way in which the capital-state relationship has undemocratically milked society's resources. Privatisation, liberalisation, globalisation, and reductions in governmental support for the poor and farmers have been the focus of most of the opposition. The state has sometimes hampered the process because of the struggle from below (both real and potential).

The capitalist class has also fought from above, undermining the authority of workers who go on strike against capital. A case in point is the repression of striking Maruti car workers. Workers have been oppressed by capital by employing thugs to harm or kill them, bribing union officials, and locking them out. In recent years, the number of personnel days lost due to lockouts has surpassed the number lost due to strikes, indicating that capital's "strikes" have taken precedence over labor's. The right to strike has also been declared unconstitutional by the courts. Between the rights of investors to not invest and employees' rights to not sell their labour power, it is the might of the state and capital that decide

The Left's interventions moderate the relationship between NEP/neoliberalism and the struggle against it. It is undeniably true that left-wing parties have exerted pressure on the government to implement pro-poor policies such as public works and to slow the pace of certain "reforms" such as the opening of some sectors of the economy to foreign capital and the total privatisation of profit-making state-owned enterprises. However, the ultimate objective consequence of the Left's behaviour has been this: they have been transformed into a conduit for the NEP's implementation through ideological and administrative means. The parliamentary Left (as well as a significant portion of the "unorganised Left") has failed to offer a substantial intellectual critique of the NEP.

Politically, the Left, which has been afflicted by the "parliamentary sickness," has occasionally backed bourgeois parties such as Janata Dal and Congress, which have adopted neoliberalism. Anti-imperialism (and anti-feudalism) and anti-communalism have been used by the Left to justify their support (to keep the Hindu fundamentalists out of power). The Left has largely sought to confine working-class efforts to trade union conflicts (or, as Lenin put it, "bourgeois politics") and electoral battles, as well as to stifle some neoliberal changes. But, once again, the Left intervenes not in order to build a working-class-led mass movement against capitalism, but rather to safeguard and protect the weaker segments of the entrepreneurial class.

Furthermore, much of the non-parliamentary Left poses no danger to neoliberal capitalism. This includes the Naxalite Left (which is influenced by Maoist versions), which arose largely as a result of the parliamentary Left's weakness and the failed democratic revolution. Since their inception in the late 1960s, the Naxalites have focused their efforts on downtrodden peasants and, more recently, aboriginal people living in India's most remote areas; they have also secured some limited concessions (Das 2010). This is consistent with their nationalist and petty bourgeois viewpoint, which considers the peasantry to be the primary revolutionary force (in current India) and the future Indian revolution to be a "people's democratic," rather than a socialist, revolution.

Concluding Comments: Neo-liberalism and Changes in Class Relations

The goal of neoliberalism is to shift the balance of power in favour of the capitalist class. Neoliberalism is capitalism without the illusions of the Left or the Social Democratic Party (i.e. illusions that there can be such a thing as humane capitalism on a long-term basis over a large geographical area). This is true of prosperous countries like the United States, but it is also true of poor countries like India. India's National Economic Policy (NEP) is a capitalist policy. As a result, it is a capitalist policy, mediated and executed by the state at both the national and provincial levels. The NEP in India is more than a government programme, as this essay has demonstrated. It is a bourgeoisie-led policy that fosters economic progress and favours certain segments of the populace, but it is not without flaws.

While neoliberalism is a worldwide movement, it has had a particularly negative impact on the working masses of the developing countries (Naruzzaman 2005). Less developed countries, such as India, are now widely seen as having lower income and higher levels of absolute poverty. Instead, they must be viewed in terms of class, as countries that have experienced failed – or incomplete – revolutions against the ruling class. Aborted

democratic revolutions, such as agricultural revolutions against feudal (-type) relations, aborted national (or anti-imperialist) revolutions, and aborted anti-capitalist revolutions have all harmed them. 5 The democratic and agrarian concerns, the national question, and the question of socialism itself are all connected in a dialectical understanding of neoliberalism and the NEP.

Consider the issue of democracy. As previously stated, there has been widespread opposition to the NEP, to which the state has responded in an undemocratic (and repressive) manner. The state is also encouraging venal capitalism; widespread corruption in government has existed since the 1990s, when markets were less controlled, debunking the idea that deregulation reduces corruption. Given that all parties, including those on the Left, are obligated to adhere to neoliberal principles, the space for democratic opposition has reduced, and this trend will continue with the election of a government led by a Hindu fundamentalist party with fascistic tendencies. This has a more particular implication: it makes all political parties/groups equal in terms of their ability to influence policy.

Consider the national question in light of this need. This is no longer a question of opposing formal colonialism. It's about combating the new imperialism, which is mostly carried out through economic methods and backed up by the threat of force. It is the imperialism of developed-world governments, multinational businesses, and international institutions (the IMF, the World Bank, and "aid" organisations). This is imperialism that is justified and sold to the general public through the development narrative (as growth). It is also sold on the basis of chauvinistic ideas about India's "superpower status," which is merely that of a regional subordinate of the global capitalism's supreme guardian, the United States.

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