

In India, the poor and disadvantaged castes vote proportionally more than the rich and the upper castes, and often more than those in developed democracies. Similarly, voter turnout is generally higher in rural areas than in cities. Not all elected state governments have pro-poor policies, but the poor have higher expectations of the state than the rich. This faith of India's poor and marginalised in the democratic process stems from their expectations of the state, which is required by law to provide fair opportunities to every citizen irrespective of caste, creed, religion, and economic status, and to actively work to eliminate these barriers.

However, the state is also constrained both by the political process of governance and by economic and social institutions. Unlike political institutions, these reflect the existing inequalities and are dependent on the markets. The democratic system does imply some degree of equality in the form of universal franchise irrespective of economic position, giving the poor a space to make their voices heard. But this does not necessarily translate into a state committed to justice and equality. In fact, developing-country democracies do not have a good track record in reducing poverty, compared to non-democracies such as China.

Still, the nature of politics in India means that poverty alleviation is not just an economic imperative but a political necessity for elected politicians. To achieve this, the state needs to mediate between various institutions, ensure fair play through the efficient regulation of markets, and implement transfer and taxation policies to redistribute resources from rich to poor.

Poverty and inequality post-1991

The economic policies India pursued after independence gave the state the role of allocating resources across sectors and federal states, and made it a major instrument of redistribution. However, since the onset of economic reforms in 1991 the state has been reduced to a merely political instrument, while the allocation of resources and even their redistribution are seen as the outcome of market-based policies. This withdrawal of the state from the essential function of shaping economic outcomes has eroded its role as an instrument of social inclusion. Recent years have seen a rise in allegations of crony capitalism, and the reduced role of the state in reducing barriers to equality of outcomes.

However, in the last decade, pro-poor democratic politics have been strengthened through the recognition of various rights, such as the right to education, to information, to food security (through the National Food Security Act), to employment (through the Mahatma Gandhi National Rural Employment Guarantee Act), and to land (through the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act).¹ While the legal recognition of these rights demonstrates that the government is responsive to the needs of the poor, these developments must be seen in the context of India's increasingly free-market economic policies.

The fact that the two trends – increasing inequality, and gains to the poor in terms of legal rights – have occurred during the same period is a reflection of the strength of India's democratic processes. As in other developing countries, India's citizens are not equal before the market. The unequal nature of endowments and opportunities available to citizens and the subordination of markets to existing social and political institutions perpetuates inequality. However, the public debate engendered by democracy means that the state has remained responsive to the demands for redistribution.

The rise of populism

Governments that have adopted pro-poor policies have been increasingly successful in India in recent years. Parties referred to as “populist” have competed to provide basic amenities to the poorer sections of the population,

¹ The Right to Information and the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) were passed in 2005, immediately after the United Progressive Alliance (UPA) took over. The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act (2013), the Right to Education Act (2009), and the National Food Security Act (2013) were passed in the second term of the UPA.

not only in central but also in state governments. However, while this has brought more people into the economic mainstream, particularly the disadvantaged, it is a political response to the symptoms of inequality rather than a solution. The fundamental nature of India's economic system, which perpetuates rather than reduces inequality, has not been questioned either by the state or by the political parties.

Redistributive policies are not enough. While inequalities based on differences in initial endowments are certainly responsible for the way the poor participate in the economy, inequality of opportunity is also governed by political, social, and cultural institutions such as gender, caste, and religion, which marginalise the poor and exclude them from economic processes. Of particular importance are inequalities in access to education and nutrition, and how they are shaped by social structures.² The lack of social mobility of disadvantaged Scheduled Caste and Scheduled Tribe households, along with Muslims, continues to pose problems for their inclusion in society. To address this, the government has to regulate the markets but also make a political commitment to secularism, gender empowerment, and affirmative action in education as well as public sector employment.

But it is here that the engagement of the poor and marginalised communities with the political process is a double-edged sword. The ascent of caste- and religion-based politics has not only given rise to aspirations and demands for inclusion by disadvantaged castes but also has allowed the political processes to be hijacked by vested interests.³ In particular, the rise of backward caste movements, and their increased representation in political institutions, has not changed the basic structures of caste and class oppression, nor altered the way economic production is organised. At the same time, the disjuncture between the process of political empowerment and the process of economic empowerment has led to a weakening of the state as mediator and regulator of economic institutions.

2 For example, in 2011–2012, the highest level of poverty (43 percent) in rural areas was among Schedule Tribes (STs) followed by Scheduled Castes (SCs) (29 percent) against 22 percent for all classes. This is also the case for religious minorities, as is evident from the report of the Prime Minister's High Level Committee on Socio-Economic Conditions of Muslims in India (Sachar Committee, PMHLC, 2006). Similarly, under-five mortality is the highest among the STs (96 per 1,000), followed by the SCs (88 per 1,000), the Other Backward Castes (OBCs) (73 per 1,000), and "Others" (59 per 1,000) in that order. This applies to the boy-girl differential, too, with under-five mortality among girls at 79 per 1,000, compared to 69 per 1,000 for boys.

3 An interesting case has been the demand for inclusion in reserved categories by various caste groups such as the *Gujjars*, the *Jats*, and the *Patels*. The response of the previous UPA government was the decision to include them as part of the OBC groups, which was later struck down by the Supreme Court. But this has not stopped the state from using the reserved quota status as a political bargaining tool to deal with issues of disparity among caste groups.

An unfortunate outcome of this is that the process of economic empowerment is not only seen as anti-free market but is increasingly classified as “populist” – implying that it is based on political opportunism.⁴ In recent years, economic indicators on growth and inequality clearly indicate the eroding authority of the state either as a facilitator of economic growth or as the primary instrument of redistribution. This is not only because issues such as redistribution are seen as secondary objectives for central government, but also because neoliberal ideologies limit the ability of the state to intervene to ensure better social outcomes. While a large part of this is due to changes in domestic policies, the nature of financial flows in a globalised world also plays a part.

Reclaiming the state

In India, as in Europe, the ability of national governments to provide subsidies to the marginalised and excluded is increasingly being determined by the extent of fiscal discipline it has imposed on its budget. In Europe, national governments have cut down on basic social-sector expenditure in order to bail out profligate and irresponsible financial institutions. The Indian government has used similar logic to bail out irresponsible private-sector companies such as Satyam (2009), Kingfisher (2012), and others at the expense of the public exchequer, while attempting to justify cuts in public spending on health and education. However, in both cases, since governments are still accountable to the people, rising levels of inequality have created a pressure on the government for redistribution.

In India, this reaction to rising inequality has come in both democratic forms (for example, the nationwide protest movement against corruption in 2011) and violent forms (the Naxalite communist guerrilla movement, which is active in most states). In turn, governments at national and state level respond to these protests in various ways. The recent move by the Indian state to guarantee the legal right to basic entitlements such as food, education, livelihood, and health may help reduce the inequalities that threaten political stability and the sustainable growth of the economy.

4 A good example of this is the National Food Security Act, which was opposed on the grounds that it distorts agricultural markets. Similarly, in the case of MGNREGA, the argument has been that such attempts to provide employment from public funds would distort the labour market and lead to inefficient outcomes. Recent opposition to reservations for disadvantaged caste groups has been criticised for sacrificing merit in the name of social justice. Although these criticisms have not been successful in diluting these interventions, they do create an impression of the interventions as inefficient and as examples of political opportunism.

However, there is a growing middle-class constituency that sees the enforcement of these rights as handouts, or “doles”, and therefore as unsustainable. This is largely because civil society and political parties continue to treat these demands as part of a redistributive agenda and not as an issue of changing the structure of the economy itself. An unfortunate result of this is the growing polarisation and fragmentation of the society across caste, class, and religious lines.

For the poor and the marginalised, democracy is not only about universal franchise and participation in the electoral process, but about reclaiming the state. Their increased participation has strengthened the democratic process itself in India, though it is too early to say whether this will be successful in reducing inequality and addressing the bias in economic and social institutions. For the poor and the marginalised, democracy is presented as a Hobson’s choice – there is no other option but to take it up.