

Whither Rural India?

The Developmental State and Labour at the Margins

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The Context

This essay explores the workings of the developmental state in rural India with reference to multiple informal farm and non-farm work by addressing the prevalent relationship between the state and informal labour. There have been concerns about the developmental state, its focus on the formal urban and industrial sectors, the massive support given to the growth of the service sector – information technology, construction and tourism, in particular. The relative incapacity and even unwillingness of the state in understanding and handling informal spaces of work has received much attention: these include - institutional limitations of centralization and consolidation, rigidities and a corrupt bureaucracy (notably absent in the East Asian case, Amsden (2001)) a double capture of regulatory capabilities by the state and of the state by small local capital, and local social institutions of power (as caste, class, gender) (Harriss-White, 2014); and poor or missing data and information systems for rural industrial and agricultural production systems (Das, 2011; Raina 2015). Here we argue that there are much more intricate problems beyond these, which are embedded in a) the persistence of a constricted and commodified theorization of labour in development economics (Robinson, 1962), and b) in the technocentric conceptualization of knowledge as artefact or embodied capital (with implied property rights) in the innovation systems literature (Nelson, 2008). In *centralized* planning systems for

development, this theorisation lends itself to development interventions where labour and knowledge as commodities can be subsidised and supplied by the state to the rural poor – mainly in the informal unorganized sectors.

The informal economy in India includes over 92 per cent of the active workforce and over 54 per cent of the gross value added (KAS and FICCI, 2017). The question about employment and the role of the state in countries with abundant rural labour (CARL) has been posed (Tomich *et al.*, 1995) mainly as a problem that has to be resolved as the economy grows and the national development sequence evolves. Few have questioned the characterisation of unorganized labour as “informal” and marginal, while they constitute the overwhelming majority, are the *tour de force* of millions of predominantly rural livelihoods, have evolved against all odds, and have created thousands of versatile, relevant and resilient production systems and exchanges. A minority of development experts and their lenses seem to define this majority as *informal* and/or *marginal*. This is an aberration at the very least, which has kept the pipedream alive; that through massive state intervention and the incorporation of the informal economy and its workforce into the formal, capital accumulation and economic growth would occur in developing countries as it did in the West. (Nigam 2018).

The State’s Engagement with Labour in India

With an explicit policy emphasis on capital-intensive and modern industrialisation, since

at least the Second Five Year Plan (1956-1961) and the Industrial Policy Resolution of 1956 the rural (artisan and craft based) industries were relegated to a subsistence status. As a result there has neither been an incentive to innovate nor an effort at broad-basing the hereditary skills (or, labour-using technologies). Several of these crafts vanished or were left to languish due to non-existent state support in financing, marketing and provision of ‘real services’. Typified by informality (lacking a legitimate/recognised status) and invisibility (unaccounted-for contributions to the economy and lacking a comprehensive official database) these enterprises had no chance to ensure decent work through reskilling, better remuneration, workplace safety and social security (Das, 2015 and 2017). It has been a formidable challenge as over half of all micro, small and medium enterprises (MSMEs) are located in rural areas and about 95 per cent of these units are unregistered (or, informal) microenterprises.

The Gandhian vision of a self-reliant rural economy carried forward by Reddy’s (1975) relentless arguments for labour-salient technologies for rural industrialisation is based on the premise of an equitable and inclusive socio-economy. There have been innumerable suggestions/recommendations proffered to the state: to develop a nuanced and realistic understanding of the institutions, rules and norms that govern the grey zones of formal-informal exchanges; to enable a reunion between different approaches to innovation; to identify and test codified science and technology (S&T) grounded in local, informal learnings and to ensure broader societal interactions for learning (Raina, 2015). However, with the centralized and technocratic decision makers at the helm of policy, such reconciliation between lives and industrial development remained a fantasy (Das and Raina, 2020: 257). There also exists a major disconnect between the state’s initiatives in generating technology (as, for instance, through the rural technology institutes) and “the actual access and application of the same by rural enterprises” (Das, 2011: 222). Suggesting a flexible and inclusive approach, Kurien (1989) advocated a symbiotic coexistence of multiple levels of technology and skills across spaces that would foster the farm-non-farm linkages and also absorb labour at myriad stages. The institutional apathy to this recognition of *layers* of knowledge extant in the rural

informal spaces has strong implications for the development, even survival of multiple forms of self-reliant livelihoods: with the declining business, drying up of work opportunities or appalling working conditions, the labour is squeezed to the last drop.

Work, Informal Domains and Learning

It is the state's indifference and inability to engage with informal unorganized work that we question here. We begin with a few cases of constant hands-on learning and innovation concealed in the casual nature or everydayness of informal work. Whether silk weaving in the Sualkuchi cluster in Assam (Anurag and Das, 2020) or coir producing households in Manappuram in Kerala (Kamath, 2020), specific types of informal work are interspersed along the production process that make the final product possible. The timeliness of cocoon collection and distribution to yarn makers and weavers, the intense discussions and experimentation among households adopting and perfecting the motorised *ratt* for coir spinning, involve specific workers and their understanding of the material they deal with. In the Banni grasslands in Gujarat, sharing knowledge and work for the *virda* or the water harvesting wells (Agrawal, 2015), ensures drinking water for cattle and human beings even during a prolonged drought. Similar community institutions or norms of collective labour and learning (Raina and Dey, 2020) are evident in Mantrajola (Vijayanagaram) in Andhra Pradesh, where villagers share labour and agronomic knowledge (practices, processual understanding, responsiveness, and anticipation or preparedness) for millet cultivation in mixed cropping systems to build secure bridges between agriculture, the environment and nutrition (WASSAN, 2015). Vast tracts of crop-livestock systems, agro-forestry and livelihoods based on collection/processing of non-timber forest products (NTFPs) are marked by informal and diverse forms of collective labour with norms for coordination and collaboration (for instance, Timbaktu Collective, 2018; Singh *et al.*, 2018). Varied types of labour and learning vested with workers about the spatial and inter- and intra-seasonal diversity and variability in each production system are evident in these cases.

The above insights into labour and learning erase the chasm between textual and practical wisdom. The professional class that works with the state to supply knowledge to the rural workforce may appear irrelevant as

informal workers generate, access and use knowledge - both technological and institutional innovations. When the knowledge vested in a muga cocoon middleman, the silk-rearing household and the yarn-making household is valued, the operational skills of women in coir spinning households to run a motorized *ratt* is respected, the value of work is no longer a fraction of the exchange value realized in the product market. The value of labour, in these cases, is a function of the dynamic relationships between labour, capital and knowledge; collective and experiential knowledge of the environment, product components and processes, and the quality of each of these. Each worker is free to experiment with, learn and add value to this pool of informal knowledge; open-source interactions, exchange of information and validation are taken for granted. Labour in these cases encompasses informed decisions made and a repertoire of actions in short time spans, in diverse and highly variable production contexts. Labour is not a commodity paid for 'pieces made' or hours of work as mere physical toil - full day or half day; it embodies humanness, has a social identity and significance in the production system. It is possible to invoke the derided, oppressed, social (Scheduled Caste/Tribe, Other Backward Caste, and even women) identity of labour within the rural space to justify their moving to urban areas as a preferred workspace of 'castelessness' (a la Deshpande, 2013). However, the dignity of labour whether through anonymity or through enterprise has never been the concern of capital, so long as labour can be controlled and manipulated. The developmental state where the upper caste has heavy stakes, need not concern itself with the paradox of persistent demand for reservation and quotas in urban salaried jobs by the informal lower caste workforce; for the state, the supply of doles or reservations is easier to control labour as "commodity" than to accommodate labour as citizens.

Confronting the State's Embedded Knowledge

Contradicting the perception of informal labour as unskilled, the state should build on existing informal innovation and learning processes (Basole, 2014). Investing in decentralized innovation capacities and strengthening the multiple informal human resources that the rural poor value and use are among the options available to the state (Das

and Raina, 2020). Based on the state's engagement, three categories of learning and innovation are evident in rural India (*ibid*). They are (i) continuous informal learning, open-source knowledge exchange, and validation processes, in low-tech crafts and manufacturing enterprises; (ii) frequent semi-formal interactions of informal workers and producers with organized formal science and technology actors and the state, especially, in micro and small enterprise groups; and (iii) learning by the state and its S&T system through interactions with the civil society and informal workers (*ibid*). The third category is evident in cases like the reform of maternal and child healthcare and the introduction of the Accredited Social Health Activists (ASHA) as workers in the public health system (Das, 2020). This can be interpreted as a case where the incorporation of the informal workforce into the formal or quasi-formal system has been enabled, with some standardisation. But this will not work for the majority of India's workforce, because the first and second categories of learning described above are not acknowledged by the state.

How will the state engage with informal labour marked by variability, local norms, and flexibility, contributing to agriculture, manufacturing and a range of services, like our cocoon collector in Sualkuchi? There is a major stumbling block in the state's engagement with the majority of its workforce, the labour and knowledge vested with these citizens. And this obstacle or inaction draws upon the pillars of development economics, born out of the ex-post theorisation of the experience of intensive growth, technology intensity in production that legitimises formalisation, wage rigidities and consequent long-run unemployment. Unprecedented shifts in labour-capital relationships - accomplished in the developed west/north (and Japan) by moving labour mainly as formal workers (as they did with the Marshall Plan in Europe) - to the centres of capital accumulation have now become central to development economics. This theorisation of the nature of labour and labour-capital relationships is central to planning for development. Much of this theorisation followed the short-term Keynesian accommodation (Bowles and Gintis, 1986; Amalric and Banuri, 1994) in countries where the state planned and invested in industry-led economic growth and development. Shifting of the workforce from the traditional/unorganised/informal rural and agricultural

work to modern/organised/formal industry, and the role of the interventionist state in facilitating capitalist development, have become central to the theorization of economic development (Sen, 1983; Ray, 2014). That Keynes' theory meant for advanced industrial economies with massive unemployment accompanied by under-utilization of existing industrial capacity (Robinson, 1962) found application (the nature of state intervention and planning) in economies marked as CARL, and with limited industrial capacity is the sleight of hand that development thinking played in countries like India. The unquestioning acceptance of the Keynesian accommodation resulted in a rapid demand for education with increased private and public returns to education (Bowles and Gintis, 1986). This expansion of formal employment (though a fraction of the total workforce) with the expanding economic pie and increasing wage rates for those formally employed, made it less important to question the inequalitarian character of the distribution of gains (*ibid*). The rural became a temporary transitional space; knowledge consigned within labour, in informed rural communities, production units and ecological systems, capable of adaptation and evolution to provide livelihoods (though meagre) also lost significance in the eyes of the state. They confront theoretical expectations and planning for foreordained development paths and structural transformation.

Concluding Observations

The paper is an attempt at demonstrating the indifference of the state to informal rural labour and knowledge which create and evolve their own livelihood opportunities. The formal minority needs and lives off the wealth generated by informal workers and their skills (Harriss-White, 2014), backed by the monolithic theoretical backdrop of development, worsening existing inequalities embedded and evolving in the informal and unorganized space (Polanyi, 1944- reprint 2001). The painful questions about the nature of the developmental state and its interventions that perpetuate marginalisation of informal work and make invisible the dynamic relationships between labour, capital and knowledge, have to be addressed politically. The inability of the developmental state in India to engage positively with and the multiple biases against what it perceives as the informal and the marginal stems from a problematic theorization of labour as a mere commodity in

a growth-obsessed and capital-centric macroeconomic paradigm. This needs recognition, debate and answers.

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