The Maoist Movement in India: Some Political Economy Considerations

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Abstract: Revolutionary left movements in India base their programme of radical social transformation on an understanding of Indian society that borrows heavily from the Chinese Communist Party's (CPC) formulation of the 1930s. The characterisation of Indian society as semi-feudal and semi-colonial, and the elevation of the contradiction between feudalism and the broad masses as the primary (and basic) contradiction seems to have been influenced by the programme of the CPC. This formulation may have had validity in the late 1960s, but transformations of the structure of the Indian economy since then seems to have made it less applicable at present. Drawing on recent research on Indian political economy, this paper (a) summarizes some of the key features of political-economic changes that have taken place in India over the last four decades, and (b) draws out some implications of these changes for the programmatic debate within the Indian communist movement.

Keywords: agrarian change, political economy, India, communist movement

INTRODUCTION

The Maoist movement in India has a long and tortuous history. According to some accounts it erupted onto the Indian political firmament with the peasant uprising in the North Bengal village of Naxalbari in 1967. But in reality its genesis can be located two decades earlier in the Communist Party of India (CPI) led armed peasant struggles against the Nizam of Hyderabad in the Telengana region of colonial India in 1946 (Ram 1971). With the withdrawal of the armed struggle in 1951, the nascent Maoist stream within the Indian communist movement was forced underground, and led a subterranean life in the inner-party debates of the CPI for the next two decades. It emerged back onto the surface of Indian political life once again with the peasant uprising in 1967 in Naxalbari. The subsequent history of the Indian Maoist movement can be divided into three phases (Banerjee 2009). The first phase runs from 1967 to 1975; the second phase runs over the decade of the 1980s; and the third, and current, phase begins in the late 1990s, gaining considerable momentum with the formation of the CPI (Maoist) in 2004.

Each of these phases is animated by attempts to implement a Maoist strategy of revolution in India. The cornerstone of Maoist political strategy is the area-wise seizure of political power in rural areas through guerrilla warfare, formation of guerrilla zones which then develop into base areas, finally culminating in the encircling of cities by the countryside. During the height of the peasant struggle in Telengana in 1946-51, “village soviets” as locations of peoples’ power could be formed in the three districts of Nalgonda, Warangal and Khammam covering an area of 16,000 square miles and a population of 3 million peasants (Banerjee 1984). During the late 1960s and early 1970s, a few bases of red power could be formed “in the hills and forests of Srikakulam in Andhra Pradesh and Koraput in Orissa, and the plains of Bhojpur in Bihar and Debra-Gopiballavpur and Birbhum in West Bengal.” (Banerjee

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The movement in the 1980s was largely centered in two regions, northern Andhra Pradesh (Balagopal 2006) and Central Bihar (Bhatia 2005), which again saw attempts to form areas of red political power in the countryside. The current phase of the movement, beginning in the late 1990s, hinge on “base areas that stretch from the under-administered plains of Bihar in the north, through the densely forested zones of Jharkhand and Chhattisgarh, and the tribal-dominated Koraput and Malkangiri in Orissa down to the southern end of Andhra Pradesh” (Banerjee 2006).

In many of these instances, the Indian State has managed to dent the organs and institutions of political power that Maoist revolutionaries had put into place through guerrilla warfare. While the outcome of the current struggle between Maoist rebels and the Indian state in the forested regions of East-Central India is yet to be determined, it seems that the areas of Maoist military influence are contracting, rather than expanding, under the military and political assault of the Indian state. “Instead of encircling New Delhi by “liberated zones”, it [i.e., the CPI(Maoist)] finds its bases being encircled by the Indian state.” (Banerjee 2006). According to press reports, Saranda forests in Jharkhand, once a stronghold of Maoist insurgents, have been “cleared” of rebels by the brutal military action of the CRPF in July 2011 termed Operation Anaconda, leaving behind a trail of devastation and human misery. With the area now “sanitized”, the Union Minister for Rural Development has launched a Rs. 300 crore development project, which reporters and activists claim has already been hijacked by mining interests. It has also been reported in the press that military forces of the Indian state have begun penetrating into Abhujmad, the most important stronghold of Maoist rebels in Chhattisgarh. Neither could the Maoists hold on to their base in the Lalgarh area of West Bengal, the scene of an enormous adivasi uprising against police atrocities in 2008.

To the social scientist then, two striking aspects of the Maoist movement in India call for explanations. The first is its continued recurrence, over and over again, despite military defeats and internal dissensions; the second is its inability to expand beyond remote rural and often forested locations and carry forward the programme of the New Democratic Revolution to completion. To our mind, political economy can throw light on both these aspects.

Briefly, our contention is as follows. As its closest observers have repeatedly noted, the Maoist movement is the political assertion of vast sections of the rural poor, especially the dalits and adivasis, alienated from mainstream economic and social development (Banerjee 1984; Gupta 1993, 2006; Government of India 2008a). Since the development paradigm in post-colonial India has structurally excluded large parts of the rural poor, and continues to do so, the material conditions for the alienation of the rural poor remains in place. This accounts for the continued recurrence of the Maoist movement, the political expression of this ever reproduced alienation of the rural poor. It is important also to take note of the important role played by the subjective political force in the Maoist movement. Without this recognition the movement would appear as a mechanical reaction, and furthermore, it would become indistinguishable from mobilizations based on identity assertion (Giri 2009, Shah 2012). While it is true that revanchist and social identity-based organisations share the turf with the Maoists in many states, and that there is an intellectual tendency of imagining the movement as an identity-based assertion, we think that, as a political force, the Maoists are qualitatively different from these other organisations.

†† For details see http://sanhati.com/front-page/1083/
At the same time, the leadership of the Maoist movement has stuck to a questionable analysis of Indian political economy, viewing the polity as a “semi-colonial and semi-feudal system under the neocolonial form of indirect imperialist rule, exploitation and control” (Communist Party of India (Maoist) 2004a). Based on this understanding, and largely following the experience of the Chinese Revolution, they have adopted the “path of protracted peoples’ war” as the cornerstone of their political strategy. The structure of contemporary Indian economy and polity and their changing relations to global capital, and important trends in these over the past five decades, raise serious questions over the validity of their formulation. This accounts, perhaps, for the second aspect of the Maoist movement in India, its inability to carry forward the New Democratic Revolution. It is also true that this lacuna at the level of theory has not held back the movement in practice. Their political practice in the recent past, when successful, has largely been devoid of building movements against feudalism. Rather, these have been anti-displacement movements, or mobilizations for forest rights. The dissonance of theory with practice warrants, we think, a reexamination of objective conditions and reformulation of the strategy and tactics of radical social change.

**TRENDS IN INDIAN POLITICAL ECONOMY: IS THE MAOIST CHARACTERIZATION CORRECT?**

According to the current party programme of the Communist Party of India (Maoist), Indian society is characterized by two basic contradictions: (a) the contradiction between imperialism and the Indian people, and (b) the contradiction between feudalism and the broad masses of the people. Progress of the New Democratic Revolution is meant to resolve these two basic contradictions. Among the two, the contradiction between feudalism and the broad masses of the people is identified as the principal contradiction. According to the Maoist understanding, this contradiction is going to be resolved “through the armed agrarian revolution, which is the axis of the new democratic revolution, that is, protracted people’s war” (Communist Party of India (Maoist) 2004a). To comprehend the underlying logic of Maoist politics it is important, therefore, to understand how they view the contradiction between feudalism and the broad masses of people, the principal basic contradiction of Indian society.

How does the Maoist party programme characterise the semi-feudal agrarian economy of contemporary India?

The backward agriculture on fragmented land, mainly dependent on primitive methods in some places and vagaries of nature, is subjecting a large population of peasantry including an overwhelming number of middle peasants, to live a miserable life. The countryside is dominated by landlords, usurers, merchants and religious institutions. These exploiting sections are the mainstay of the semi-feudal relations of production in the country. All these facts show that our country is a semi-feudal country. This class of feudal landlords protect and instigate casteism, communalism, superstition and maintains private armies, or goonda forces, perpetuates medieval oppression on the rural masses, and oppressed dalits, adivasis and women through often perpetrating massacres, rapes etc. (Communist Party of India (Maoist) 2004a)

Thus, according to the Maoists, landlords, usurers, merchants and religious institutions are the main beneficiaries of the present system of surplus extraction in rural India. Their programme also mentions that a section of pro-capitalist landlords share a part of the surplus. This is consistent with their position, stated in the programme, that a small part of the rich farmers are with the ruling class coalition, and against the revolutionary movement.
From the above description extracted from the programme of the Maoist party, it is possible to identify the channels through which, in their understanding, exploitation and transfer of surplus takes place in contemporary Indian rural society. The first channel operates through the category of rent, the form in which the surplus labour of peasants gets appropriated by the class of semi-feudal landlords. The second channel operates through the category of usury, which transfers funds from peasants into the hands of the moneylenders. The third channel operates through the category of supernormal profits earned by businessmen and traders due to the monopoly and monopsony positions they enjoy in the rural economy. The fourth channel relates to the surplus that is appropriated by religious institutions.‡‡ The fifth, and last, channel emerges from their allusion to the pro-capitalist landlords, which opens up the possibility that capitalist exploitation may not be entirely absent in rural India. If present, of course, this would take the form of profit.

Does the available evidence support this description of the agrarian economy in contemporary India? There can be two broad approaches to addressing this question. The first approach is to analyze aggregate level data collected by various institutions, such as the National Sampling Survey Organization (NSSO), Central Statistical Organization (CSO), Census of India, and government reports of different ministries and committees. But it is often claimed, and rightly so we believe, that aggregate figures miss out crucial elements of the local economy. For instance, data on large landholdings or indebtedness may be obtained from various government reports. But these reports would seldom contain information about interlinked land and credit markets, i.e., whether the same large landholder was also involved in money lending, about agricultural investment behaviour of landlords, or about changes in the sources of income of landlord families over long periods of time. There are also the legitimate apprehensions that information about sensitive matters such as tenancy, landholding or credit operations, etc., may be deliberately misreported (Bardhan 1970). The second approach is to conduct intensive area studies at the village level. While such studies address the shortcomings of aggregate level data, they suffer from the problem that their conclusions are less amenable to generalisation. Therefore, the preferable methodology would consist, where possible, in combining the two approaches. Hence, to confront the Maoist characterisation of rural India with existing evidence, we present below relevant findings from some studies that, while primarily relying on secondary sources, nonetheless pay close attention to both aggregate level data and findings of village-level and other area studies.

Let us start with average size of holdings. The observation of the Maoists that holdings are severely subdivided is certainly in accord with the evidence. Not only are the holdings small in size, they are getting smaller with the passage of time. Average size of holdings has come down from 2.63 hectares to 1.03 hectares between 1961-62 and 2003-04. But the evidence also shows that area held by large holdings has been declining. Between 1961-62 and 2003-04, share of land held by large holdings (i.e., those with more than 10 hectares each) has come down from 28.25% to 11.55% (Basole and Basu 2011a). At the other end of the landholding spectrum, the share of area under petty holdings, such as marginal or small holdings, has gone up.§§ Of course this does not mean that the average size of holdings in the small ownership categories has gone up. Rising number of holdings has nullified the rise in land area, with the result that the size of holding under the marginal category has remained

‡‡ It is not immediately clear what form this flow of surplus takes. Elsewhere in the party programme it is mentioned that land owned by religious institutions will be confiscated and redistributed to the landless. This suggests that the CPI (Maoist) considers land as the primary source of exploitation by religious institutions. Therefore it would seem that the flow of surplus to these institutions primarily takes the form of rent, if it is also assumed that religious institutions do not combine the role of a capitalist with that of a landlord.

§§ Marginal holdings have less than 1 hectares; small holdings have between 1 and 2 hectares.
almost the same, while a decline has been observed for the category of small farmers. On the other hand, the fall in average size of holdings has been much more drastic for large farms. In sum, at present the distribution of land is quite unequal with the top 10% households owning 57% of lands. But big holdings are declining in percentage terms, and the area they hold is also shrinking in absolute terms. The source of economic power of the big landlords appears to be disintegrating inexorably. We reiterate that this does not imply that there is no scope for land redistribution. Distribution of land is still extremely unequal and as Rawal (2008) has estimated, with a 20 acre uniform ceiling, about 15 million acre ceiling surplus land can be carved out, which is three times the total land distributed under land reform programmes all over the country. But this observation has to be read in conjunction with the observation that ceiling surplus land has been declining drastically. Using a uniform ceiling of 10 hectares, Rao (1992) estimated total surplus land to be 14 million hectares in 1986; with the same 10 hectares ceiling in 2003, the surplus had shrunk to 4.78 million hectares. To be sure it is not being claimed that these figures, which are based on NSSO numbers are accurate. But it seems to be the case that even after accounting for under-reporting, the share of land owned by the large landlords are declining drastically over time.

Next, let us turn to the evidence on the prevalence of tenancy, which has a bearing on the question of the dominance of large landholders. The percentage of land under tenancy was nearly 25% in the early 1960s. This had shrunk to below 10% by around 2002-03. To confound traditional presumptions, two new trends have been observed. First, in the states where capitalist relations are more developed such as Punjab and Haryana, a high incidence of tenancy has been noted (Basole and Basu 2011a). Second, there is substantial evidence of reverse tenancy in areas where capitalist relations are relatively more developed. Helped by technological advancements relatively big landholders are leasing in land in large volumes to reap economies of scale (Singh 1989).

Thus, on the one hand, the relation between tenancy and semi-feudalism does not seem to be as robust as it used to be previously assumed. More importantly, the nature of tenancy has itself been undergoing changes. For instance, it has been found from field studies in Uttar Pradesh (Lerche 1999) and Haryana (cited in Byres 1981) that landlords are leasing out land to labourers while bearing the major share of the cost of cultivation, supplying farm implements, and even taking the responsibility of tractorised ploughing. Of course, the tenant gets a severely reduced share of the crop (one-third or one-fourth) as a consequence. But then, in such cases, tenancy appears less like the traditional semi-feudal arrangement and more like a putting out system where important decisions are taken by the owner of the means of production, namely the landlord. The tenant is simply a supplier of labour power (and simple farm implements in some cases), and bears only a small part of the uncertainty associated with agricultural production. It has been observed that tenancy in such cases helps the landlord in exercising control over the labourer; extracting surplus labour, as in a semi-feudal arrangement, may not be the main purpose here. Moreover, this control is crucial in conditions where the labourer is less dependent on the landlord because of availability of employment opportunities outside the village. This loosening of dependence of the labourer on the landlord and weakening of semi-feudal ties is an important point on which many have commented, including Lerche (1999), Rodgers and Rodgers (2001), Djurfeldt et al (2008), and Jodhka (2012). While it is true that the land lease market was not the only medium through which dependence was perpetuated – market for credit, labour, traditional obligations also played their role - nonetheless it is extremely doubtful if evidence of tenancy of the kind that has been reported by these studies can be considered as perpetuating feudal land relations. In areas where big landlords lease out land in the classic semi-feudal style (eastern India, for instance), on the other hand,
incidence of tenancy has been steadily declining***.

To reiterate, the official statistics cited above can be subject to under-estimation. Moreover they relate to aggregate trends and are capable of hiding important micro-level nuances. Hence, there is a need to complement aggregate data with micro studies. Village surveys from several areas present, along expected lines, a more complicated picture. For instance, Vijay (2012) finds that the extent of tenancy in certain areas of Andhra Pradesh is close to 17%, which is quite high in comparison to the NSSO all-India figure. His study also brings out the substantial impact that changing occupational structures might be having on the nature of surplus extraction. For instance, he notes that the percentage of “non-cultivating peasant households” has been rising continuously over the past decades so that in 2002 they accounted for about 37% of rural households and owned 10% of the land. What is even more interesting is that a large part of this land is leased out, especially to poor peasants. Thus, here we have an instance of a flow of surplus which does not take the traditional route from a poor tenant to a big landlord. Chakravarty (2001) presents - an equally nuanced picture of the replacement of tenant based farming with a wage labourer based production system in villages of North Bihar. His analysis, derived from intensive fieldwork, suggests that this change was caused by the twin factors of rising class contradiction fuelled by assertion of the tenants, and technological change. Harriss et al. (2010) find very little evidence of tenancy in Iruvelpattu, Tamil Nadu, and Sharma's (2005) re-study of a large group of villages across Bihar indicates a considerable decline in the share of households leasing in land.

Many village studies support the hypothesis of erosion of landlord property, albeit not strongly. Ramachandran et al. (2010) note the formidable power exercised by landlords and rich capitalist peasants in a survey of three villages of Andhra Pradesh. Landlords continue to control a major part of the land in that area, which is cultivated by tenants and farm labourers, and also engage in the accumulation of capital. Moreover, Ramachandran et al. (2010) point out that a process of peasant differentiation has been observed. But as has been pointed out by Lerche (2011), deployment of the portmanteau category of “landlords and rich capitalist peasants” is not very useful. Moreover, the form of surplus extraction is extremely important. If surplus is appropriated as capitalist profit, the political and economic implications would be quite different from a scenario where surplus extraction takes the form of feudal rent or even capitalist ground rent a la Marx. In Bhaduri’s (1973) classic analytical framework for understanding semi-feudalism, land tenancy is intertwined with usury, and this compact acts as a depressant for agricultural investment. From the above account of Ramachandran et al. (2010), it does not seem that semi-feudalism, as described by Bhaduri (1973), is in operation – for there appears to be an ongoing process of both capital accumulation and class differentiation.

Harriss et al. (2010) also present a picture of continued landlord dominance. They note that a single big landlord in their study village in Tamil Nadu holds nearly 30% of the land. About hundred years ago, the family used to hold nearly 40% of the land in the village, and another 200 acres in a nearby village. Thus, the landlord family seems to have divested itself of land even though the distribution of land in the village is still severely skewed. Wilson (1999), on the other hand, reports a decline of landlord dominance. She notes that in the mid-1990s land under tenancy was a mere 19% of the total land under cultivation in her study villages of Central Bihar. She highlights the fact that there has been a noticeable decline in the amount of land held by the big landlords, but like other observers she also highlights the

*** Ramachandran et al (2010) find that the proportion of households who have leased in some part of their operational holding land is substantial and that this proportion has been rising (in the last three decades) in a coastal village in Andhra Pradesh. However this observation has to be tempered with other findings that emerge from their study: (a) incidence of tenancy in the two other villages that they studied is not significant, (b) in the said village, income from land rent as a percentage of total income earned is a mere 6%.
Let us next turn to the evidence on the existence of usury. Prevalence of usury has not followed a linear path unlike average size of holdings, tenancy and land owned by landlords. After large scale bank nationalisation in the late 1960s, informal money lending started to decline. “The share of “exploitative” sources (professional moneylenders, landlords and agriculturist moneylenders) in rural credit fell from an average of over 75 per cent in 1951-1961 to less than 25 per cent in 1991. The share of formal sector lending more than doubled between 1971 and 1991” (Shah et al. 2007). With the initiation of economic reforms in the early 1990s, this trend was reversed. For the first time since the early 1970s, the share of institutional agencies in total outstanding debt fell, moving from 64% in 1991 to 57% in 2001. Priority sector lending, a policy to push affordable loans to rural unbanked regions, got diluted. The number of bank offices in rural areas fell by 14% between 1993 and 2006. It is important to note that the increase in rural bank branches had had a positive impact on reducing poverty and increasing output (Burgess and Pande 2003). Most probably, the positive mechanism operated through the easing of credit constraints on the land-poor households. Hence, with the reversal of the trend in rural banking, the land-poor sections of rural society got more adversely affected than the rest. Thus, on the question of dominance of usury in rural India, the Maoist position is not far from the truth, especially for the period after the inauguration of neoliberal reforms in the early 1990s. Nonetheless it is moot if they underestimate the reach of organised sector banking while emphasising the depredations of money lenders. An appreciation of the retreat of the despised moneylenders during the two decade period since the early 1970s, and their re-emergence under new conditions of neoliberalism, with important links to global capital through the MFIs, certainly seems missing.

Let us next turn to an important point emphasised in the document of the Maoists, namely the exploitation of the rural masses by merchants and traders. In the *Strategy and Tactics* document, they note that “[r]uthless exploitation by unscrupulous traders is squeezing the vast peasant masses while selling the agricultural produce and buying the agricultural inputs from the market.” (Communist Party of India (Maoist) 2004b). In the language of formal economics, the exploitation that is being alluded to here is of the monopsonist and monopolist variety. There is an important analytical issue to consider here. Is there anything pre-capitalist or non-capitalist about the existence of such kinds of exploitation?

Going by textbook economics, monopoly or monopsony elements cannot exist in a market with *perfect competition* – a market form which is often seen as synonymous with capitalism. Monopoly is treated as an aberration, a deviation from the ideal state of perfect competition. Efficiencies that are implicitly assumed to operate in capitalism in fact originate from perfect competition. But it has been argued that capitalism has been historically intertwined with monopoly control. Chang (2003) has famously referred to the numerous instances of how developed countries of today, including USA and UK, had stifled free competition to protect their domestic industries. It is true that traditional Marxist theory partitions the history of world capitalism into an early competitive and a later monopoly phase. But such theorisation overlooks the manner in which capitalism manifested itself in the colonies, and imagining capitalism without colonies might be a serious theoretical flaw. Careful historical studies have documented how the metropolis exerted monopoly control over the colony's trade flows and its domestic market to ward off competition from its rivals. In short, viewing monopoly as something not ingrained within capitalism lacks historical validity. For our present discussion this has an important implication. Existence of monopoly in the product and input (like fertilisers, seed, water, or power) markets does not necessarily render the system semi-feudal. A capitalist system can and does contain monopoly elements, both historically and in contemporary times. Harriss-White’s (2008) notable study of agricultural markets in West Bengal underline the fact that the beneficiaries of monopoly power in
the agrarian economy can be as regular creatures of the capitalist market place as a rice mill owner or a cold storage owner. Yet, due to inherited wealth, business networks, and state-endowed privileges, such agents can help in perpetuating a complex system of exploitation. Characterising these rural oligarchs as feudal exploiters is an unwarranted analytical stretch.

Is agrarian India bereft of capitalist farming? The party programme of the Maoists mentions that ‘[l]eaving aside a handful of big landlords, including some newly emerged big pro-capitalist landlords (from among the old rich peasants), the vast majority of the peasantry ... continue[s] to be increasingly driven into the clutches of the usurers, ...’ (Communist Party of India (Maoist) 2004a).

Thus, the Maoist understanding does recognize that incursions of capitalist relations of production have been made in the agrarian economy. But the question is: to what extent? Out of the principal features of capitalist production relations, prevalence of hired labour and production for the market are not uncommon in Indian agriculture. Even petty farmers who manage their agricultural operations with family labour may have to take the help of hired labour in the busy seasons of harvesting or sowing. Incidentally, they also hire out their own labour in lean seasons to make ends meet. Thus, transformation of labour power into a commodity is not novel. There is lot of evidence that pre-capitalist forms of labour control, such as attached and bonded labour, has been on the decline (Wilson 1999, Sharma 2005, Breman 2007, Jodhka 2012).

Like the reach of the labour market, market for products has spread widely across the country. This had been partly helped by British colonialism. The empire imposed monetary taxes on local economies, which had previously been based on primitive systems of exchange.††† This forced the commercialisation of production and eased the entry of disruptive global market forces into the local subsistence-based peasant communities. Since it became imperative to pay taxes in monetary terms, it forced peasants to sell at least a part of their produce in exchange for money.

Aside from these two conditions, there is a third necessary condition that must be fulfilled for a mode of production to be characterised as capitalist, namely the accumulation of capital. In a closed economy, and at an aggregate level, accumulation of capital implies reinvestment of surplus value. At the individual farm level accumulation can be executed either through reinvestment of own surplus, or borrowing from sources outside the farm. However, if conditions for profitable investment are present, it is natural to expect reinvestment of own surplus, before funds from other sources is used. This is why an examination of investment in the agricultural sector becomes theoretically important.

In recent decades, decline of public investment, a fall in various kinds of agricultural subsidies and other State interventions seem to have led to deceleration of investment. Two parameters can be examined to make this intuition more concrete: agricultural investment as a ratio of total investment in the economy and public investment in agricultural sector as a proportion of total agricultural investments. It has been found that both of these have been declining in the last two decades (Das 2010). In this regard, the small size and further subdivision of holdings acts as an aggravating factor. While petty farms do not have the resources to invest, big farms, which may have more resources to

††† The editorial comment in the Third Volume of Capital by Engels is relevant here. “[T]he lands of the Russian and Indian communistic communities, which had to sell a portion of their product, and an ever growing one at that, to get money for the taxes exacted by a merciless state despotism – often enough by torture. These products were sold with no regard for their costs of production, sold at the price which the dealer offered, because the peasant absolutely had to have money at the payment date.” (Marx 1894[1981]). An illustration of the troubles faced by tribal communities due to the imposition of colonial taxes in the North-Eastern parts of India can be found in Guha (1977).
make investments, are getting fewer over time. Therefore, the increasing subdivision of agricultural holdings is an indication that accumulation is low and capitalist relations of production are not progressing rapidly, although one has to be careful in not equating big farms with capitalist farms.

In summary, the characterisation of the Indian agrarian economy contained in the documents of the CPI(Maoist) appears partly correct on the issues of fragmented landholdings, continued influence of usury, and monopoly elements in local trade. The fact that they use this evidence for their characterisation of the Indian agrarian system as semi-feudal is, however, not convincing. In this regard, Maoists documents also cite caste oppression as an indicator of semi-feudalism. We believe this position may lead to interesting possibilities as the traditional understanding of Indian communist parties does not include caste as a component of either forces or relations of production. It is understood primarily as a superstructural component peculiar to Indian society that reinforces the existing mode of production. Of course, the Maoists also do not seem to pose caste as part of mode of production, which would require additional analytical clarity and articulation. Nonetheless it is clear that doing so would have immense ramifications at the level of political consolidation.

Importantly, the Maoist assessment appears to be incorrect on issues of the dominance of big landlords, and continuation of feudal forms of exploitation. We have noted the disintegration of the basis on which feudalism operates, namely large landholdings. It is possible that the progenies of erstwhile landlord families have maintained their political and social power by diversifying into other occupations, such as capitalist farming (instead of earning rent as a landlord), trading, services, or State administrative jobs. This however implies that the class of landlords qua landlords are losing power. In this context, Pattenden’s (2011) study of several villages in north-Western Karnataka offers interesting insights. Even though the top sections of “gatekeepers” (i.e., powerful people associated with local governance structures like panchayats) hold substantial land, their income from cultivation is only marginally higher than that derived from appropriation of public fund, and even less than their non-farm income. An additional factor that is operating to diminish landlords’ power could be the diversion of farm land to other activities: between 1991-92 and 2002-03, for instance, total land area under cultivation fell by nearly 14%.

Acute subdivision of land holdings, along with other factors like declining public investment in agriculture, a return of usury, continued monopoly and monopsony exploitation by traders and merchants, discussed above, lead to two conclusions. First, the momentum for the consolidation of capitalist relations of production is not very strong; hence, the possibility that a transition to large scale capitalist production will happen any time soon in the agrarian economy seems rather low. Secondly, the possibility of continued dominance of landlords in controlling the agrarian economy is declining secularly; the landlords are losing ground, both literally and figuratively. Once this is accepted the immediate question that arises is how one characterises the present state of agrarian economy in India.

††† Is the caste question not a class question? The Maoists appear to concur but stop short of elevating it to an element of mode of production. “Condemnable caste system and casteism, especially the Brahmanical casteism, is a special feature of the semi-feudal system prevailing in India... Casteism is used for derailing their actual struggles directed against imperialism, feudalism and comprador bureaucrat capitalism... Dalits are at the lowest rung of this casteist ladder facing acute social oppression from all social categories above them... Even today 90 to 95 per cent from among them are either landless and poor peasants or village labourers. Though the Dalit question is in essence a class question, the Party should lead the struggle against caste oppression on Dalits and other backward castes as a part of New Democratic Revolution and fight for their equal place in all spheres of social life by fighting all forms of caste discrimination and oppression, towards abolishing the caste system.” (Communist Party of India (Maoist) 2004a). While a full treatment of this question is beyond the scope of this paper, a worthwhile avenue is to explore the interlinked nature of class exploitation and caste oppression through the concept of “social structures of accumulation” (Harriss-White 2003).
This is an important and complex question, which we can hope to deal with in a cursory manner at best in this paper. Before offering some comments on this issue, let us reiterate once again that the Maoist assessment of the agrarian economy as being controlled by the landlords does not appear to be borne out by facts.

CHARACTERISATION OF THE AGRARIAN ECONOMY IN CONTEMPORARY INDIA

While discussing transformation of surplus value into ground rent in the third volume of Capital, Marx considers a “small-scale peasant ownership” agrarian economy. The peasant is the free proprietor of his land. He does not pay any rent, except for the notional surplus value that he may pay to himself because the entire volume of his produce accrues to himself.

Even if the capitalist mode of production is dominant it is relatively little developed, so that the concentration of capitals is also confined to narrow limits in the other branches of production, and a fragmentation of capital prevails. By the nature of the case, a predominant part of the agricultural product must be consumed here by its producers, the peasants, as direct means of subsistence, with only the excess over and above this going into trade with the towns as a commodity. (Marx 1893).

This description matches with the Indian agrarian economy on many counts, including the small size of capitals engaged in the non-agricultural sector. In ownership farms, because of the absence of rent, the barrier it can erect on the path of capital accumulation does not exist. For Marx, the small-scale peasant ownership cultivation is a transitory state, soon to be transformed into large-scale capitalist farming. What drives the transition from small-scale peasant farming to large-scale capitalist production in agriculture?

Destruction of rural domestic industry, which forms its [i.e., small-scale peasant ownership mode of production's] normal supplement as a result of the development of large-scale industry; a gradual impoverishment and exhaustion of the soil subjected to this cultivation; usurpation by big landowners of the common lands, which constitute the second supplement of the

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Does interlocking of markets not continue to be a source of feudal exploitation (Bhaduri 1973, presents an analytical model where land lease and credit are interlocked)? First, to the extent that evidence of interlocked markets is found in the current literature (in Harriss-White 2008, for instance, advance of credits is made by rice mill owners and traders to the paddy farmers in West Bengal ) the beneficiaries of such arrangements can scarcely be termed feudal lords. Secondly, we have argued that landholding of the large landlords is faster eroding. It is unlikely that even with reduced volume of land, the ability of landlords to extract surplus labour would remain undiminished.

Absolute ground rent, or more precisely landed property, impedes capital accumulation (investment) for the following reason. Taking cue from the analysis of the transformation of labour values into price Marx concludes that the price of production (which includes wage and profit) of agricultural commodities is determined by imputing the average rate of profit in all activities, over the sum of fixed and variable capital tied up in agricultural production. Compared to other activities, however, agricultural production entails a lower organic composition of capital: its composition is tilted towards variable capital since farming involves less fixed (both constant and circulating) capital than industrial production, for instance. This means that agricultural price of production will be lower than its labour value (which will be approached by the market price). This difference explains absolute ground rent, or why even the worst quality land, which does not yield differential rent, yields payment to the landlord after wages and profits are deducted. Thus the reason for absolute rent lies in low organic composition of capital of agricultural production and its non-participation in the process of formation of prices of production. In other spheres of production with low organic composition, the excess of market price over price of production is smoothened out through inflow of capital. This does not hold in farming, for land supply is fixed and the owner has the sole right over it. In short, landed property, which lies behind absolute ground rent, stifles new investments.
management of land parcels everywhere and which alone enable it to raise cattle; competition, either of the plantation system or large-scale capitalist agriculture. Improvements in agriculture, which on the one hand cause a fall in agricultural prices and, on the other, require greater outlays and more extensive material conditions of production... (Marx1893).

Aside from the above factors, Marx also notes that high taxes and high interest rates in usury cut the ground from under the feet of petty farmers. Finally, notes Marx, an economy with a large number of peasant proprietors exhibits high demand for land. Price of land is therefore pushed up – this is in spite of the high interest rate, which under normal circumstances would have meant low land price, since land price is nothing but capitalised value of rent at the prevailing interest rate. High land price, along with high interest rate drain the peasant of funds and leads to his increasing indebtedness. Therefore, he is left with little money to invest.

In short, “[p]roprietorship of land parcels by its very nature excludes the development of social productive forces of labour, social forms of labour, social concentration of capital, large-scale cattle-raising, and the progressive application of science.”

Are the above factors that enable dissolution of small-farms operating in India? Let us check the factors mentioned above one by one. Firstly, it has been observed that small-scale domestic industries and services in rural areas are expanding, instead of getting destroyed (Basole and Basu 2011b). This perhaps underlines an important feature of neo-liberal capitalism: big organised industries do not annihilate the petty unorganized sector. It uses the latter for its benefit in order to escape the various welfare clauses which a twenty-first century State imposes. Needless to say, the State looks the other way when these clauses are bypassed and violated by well placed property owners. The second factor mentioned by Marx was exhaustion of soil. Through application of improved fertilisers and seeds, productivity of land has been raised. Since the adoption of such measures was unaffordable for petty farmers, it was taken up mainly by large landholders; hence large scale production struck root. This has been noticed in the traditional Green Revolution areas (Byres 1981), and more fertile parts of other states (Rakshit 2011, Ramachandran et al 2010). But this has not been a uniform development with respect to space and time. Unremunerative crop price, and falling State support have stunted investment in recent decades; as a result, growth of land productivity has slumped (Bhalla and Singh 2009). In short, the fear of exhaustion of productivity of soil, even for small peasants, has largely been proved unfounded. Thirdly, it is true that with the onset of neo-liberal reform common land is being increasingly targeted. Diversion of agricultural land for commercial or industrial purposes is the major reason. But this implies that big farmers are not necessarily the perpetrators of the new enclosure-type movements; it is State action in the interests of big capital. It is also true that petty farmers are resisting these moves tooth and nail. Hence, the economic rationale of dissolution of small scale peasant production seems to be getting subverted by political action. Fourthly, the competition from big farms does not appear to be strong enough to eliminate small farms. At an aggregate level, smaller holdings produce higher value of output per acre (Government of India 2008b). However, this has to be read along with the observation that the purported inverse relationship between holding size and yield holds mainly in backward agriculture (Dyer 1998). In regions with high investments, the trend seems to have been reversed due to improved technology and the operation of economies of scale (Rakshit 2011). But this indicates that the recent slowdown of investment at the all India level has blunted the edge of big farms somewhat. Fifthly, rising cost of cultivation is indeed hitting the petty peasants hard. It is also true that agricultural commodities are fetching unremunerative prices in recent decades, although the possible reasons have more to do with change in policy than improvement in technology (Patnaik 2006). Finally, we have already noted the poor state of accumulation on petty farms driven by the
In short, the factors which could lead to dissolution of a petty peasant dominated economy may be present only to a limited degree in contemporary India. Hence, they are not having the expected effects. Let us investigate the reasons in greater detail.

The twin phenomena of persistence of the petty peasant agrarian economy and informalisation of economic activity in the non-agricultural sector reinforce each other (Basole and Basu, 2011b). In the neo-liberal economy, industries and services produce few jobs. The traditional mechanism of relieving the agricultural sector of its surplus labour fails to operate in a robust manner. With the pressure of labour not diminishing, the constant push of population growth ensures that land holdings remain subdivided. Secondly, due to informalisation of the work force, the non-agricultural sector does not engage the workers on a permanent basis. The surplus labourers from the agricultural sector who get employment in the non-agricultural sector cannot rely entirely on those jobs. Consequently they remain tethered to the agricultural sector, which provides them with a fall-back option. In the face of high inflation of food articles, even meagre production from one's small farm is much valued. Thus on the one hand the umbilical cord with land is not severed; on the other, the land is not sufficient to support the consumption needs of the peasant household, let alone generating additional fund for accumulation of capital. The peasant is forced to work in the non-farming unorganised sector, or as an informal labourer in the organised sector. But unlike the push factor-led migration of traditional development economics, such migration is transitory. What is permanent is the ceaseless circulation of a footloose labour force across the subcontinent in tandem with the farming cycles. This flow of footloose labour is excluded from the high growth that the economy has been experiencing for the last few decades because it lacks the expertise to benefit from the growth concentrated in certain sectors (Basu and Das 2012).

What is worse, the growth may not include the unskilled workers (it may however be using them to perform the low-paid, outsourced jobs) but it does need the resources they possess. Here, then, we have a parallel to the classic pattern of capitalist development: in both cases, direct producers are sought to be separated from the means of production, which is often executed through violence. However, the difference between classic primitive accumulation and its present form is crucial and worth emphasising. The classic primitive/primary accumulation was a precursor to the regular accumulation of capital under capitalist relations of production, which functions through the expropriation of surplus value of wage labour on the basis of apparently voluntary contracts. The contemporary form of primary accumulation in India does not hold the promise of future accumulation of the kind witnessed in Western Europe that would absorb the land-divorced peasants any time soon. The uncertainty of alternative employment opportunities fuels the desperate attempts of the peasant to protect his resources, and hence the need for violence to acquire them. In sum, the economic forces at work in contemporary India engenders a high degree of what might be termed “structural violence”. For the

†††† In the aftermath of the adoption of Green Revolution technology, Byres (1981) saw a process of taking over of land of small peasants by rich farmers through purchase, and pushing of sharecroppers to the status of virtual wage labourers. This process has been termed ‘partial proletarianisation’. The small peasant loses land or occupancy rights but does not relinquish his land totally. Although he gets more dependent on sources of income outside farming, he holds on to his land. All this, Byres (1981) carefully pointed out, had been going on for a while; it only got exacerbated by the introduction of the ‘new technology’. In spite of similarities, there is a crucial difference between Byres’ description and ours. The strong accumulation process of Green Revolution decades has slackened, ripples of the initial burst of new technology has subsided. Today the continuing loss of land by small peasant (and his increasing reliance on outside-farming jobs) is driven less by accumulation strategies of the rich peasant and the introduction of new technology, than by declining profitability of farming, and diversion of land for non-agricultural purposes.
poor, this structural violence opens up channels for the acceptance of the Maoist political programme. A brief stock taking of the growing extent of the Maoist movement since the early 1990s tends to corroborate this account (Chakravarti 2008, Government of India 2008a, Pandita 2011).

WHERE HAVE THE MAOISTS FAILED?

It has been pointed out by many commentators that although the Maoist movement may be consolidating the marginalised against exclusion and dispossession, it has been not very successful in influencing the trajectory of traditional left politics that operates in the domain of workers' struggle. Some analysts have pointed to the breadth of the movement beyond the tribal population of Central and Eastern India (Weil 2011, Shah 2012). But in 2009 the Indian State banned the Maoist party and its mass organisations. This makes it impossible for them to work as a legal political force, and limits their ability to engage in mass mobilisation. Moreover, its mass organisations have not been very active among industrial workers, farmers, agricultural workers or students in the way other left political parties, the Communist Party of India (Marxist) for instance, have been. Therefore it would not be too much off the mark to state that the Maoists in India have been unable to capture a wide swathe of political space which must be won for any reasonable possibility of accomplishing the New Democratic Revolution.

What can be the reason for their limited, albeit, intense reach? As we have pointed out, the Maoist assessment of the economy may contain serious inaccuracies. From their current formulation, a path of agrarian revolution with the slogan of land to the tiller follows. If there is little ceiling surplus land, and if landlordism is not widespread, such a tactic will be inappropriate. In a small-scale peasant ownership agrarian economy choked with excess labour and threatened with diversion of land to non-agricultural purposes, the struggle has to go beyond the landlord or moneylender. Neo-liberal globalisation is fusing local and global markets, domestic and multinational capital. Before global capital's might, landlords are appearing powerless by the day, although they are used by the State for the purposes of mediation and control. In such a backdrop the Maoist understanding of the primary contradiction in India perhaps needs rethinking. If growing dispossession of the peasantry, usurpation of natural resources (and resistances against both) and agrarian distress are anything to go by, struggle for the emancipation of Indian people cannot bypass a collision with global capital.
Interestingly, political practice of the Maoists seems to have gone ahead of their theory. The resistance movements against land grab, especially in Chhattisgarh, Jharkhand and Orissa, have proven to be a major political platform for the Maoists, rather than the traditional movements for land redistribution (see, for instance, the accounts in Chakravarti 2008, Pandita 2011). Even more ironically, in the last decade they have had to face a major setback in Andhra Pradesh, their home turf, where the movement was built painstakingly over the years on the back of intense land struggles (Balagopal 2006). Thus, although the party programme has remained unchanged in its thrust on anti-feudal struggle, it is participation in the resistance movements against resource acquisitions done by the State at the behest of capital, which have enabled the Maoists to spread their activity. At the same time, however, their success has put them in a war like situation against the Indian State. This renders the above-mentioned mass political activities almost impossible. Given that the ban is going to be there in place in the foreseeable future, the direction of the Maoist movement remains shrouded in uncertainty. Should the Maoists give up the tactic of area-wise seizure of power and channelise their formidable political force to mass politics as has been emphasised by acute observers like Bhatia (2005), Balagopal (2006), and Banerjee (2006, 2009)? Should they participate in parliamentary politics but not shy away from armed struggle in the best Leninist tradition? Will the weakening of the economy bring about unexpected changes in government policies that may aggravate the conflict beyond recognition? These questions can only be settled by the future.

CONCLUSION

Available evidence about agrarian transformation, both from aggregate-level data and village-level studies, highlight the decline of landed property as a source of economic, social and political power in contemporary India. The landlord-dominated semi-feudal economy of the 1940s and 1950s has given way to an agrarian economic structure marked by the preponderance of small-scale farms, non-farm petty production and a ceaseless circulation of footloose labour. Incorporation of the Indian economy into global networks of commodity and capital flows, accelerated by the neo-liberal policy reform of the early 1990s, has weakened conditions for the dissolution of small-scale peasant farming. The consolidation of large-scale capitalist farming and the permanent absorption of surplus labour into the industrial and services sector seem unlikely in the near future. Continued stagnation in the agrarian economy leading to acute distress across vast swathes of the rural sector, and a vast non-agricultural informal sector that is replenished by and, in turn, keeps alive agrarian stagnation needs to be seriously

particular country's or a set of countries' capital. Neo-liberal globalisation is severing the link between nation State and capital. The agglomerate mass of capital which is in contradiction with the Indian masses could have origins in India, or in any other nation State.

+++ In this context it is worth pointing out that even Mao Tse-tung regarded the existence of pockets of red power surrounded by white power in China as an unusual phenomenon, which could only arise due to special circumstances. The two most important factors that ensured the success of the strategy of area-wise seizure of power were: (1) the existence of a localised agrarian economy as opposed to a unified capitalist economy, and (2) continuous splits within and wars among factions of the Chinese ruling classes (the warlords) backed by different imperialist powers (Tse-tung, 1928, section II). It seems that the most important trends over the last four decades have been working towards turning India into a unified capitalist economy (with large sections of the population still engaged in petty commodity production) as opposed to a fragmented agricultural economy. The circulation of commodities, capital and labour across the country has increased, and not decreased, over time. This has been paralleled by the consolidation of the power of a centralised State. This raises serious issues of feasibility of a strategy of area-wise seizure of power. We note however that the Chinese Communists had developed their core area first in Jiangxi, and subsequent to the Long March, in the Yan’an region. These were remote parts of the country with rugged, difficult terrain and inhabited by marginal people. Spatially the pattern is not unlike what is being observed in India (Duara 2011).
engaged with. An economic structure that gives rise to these problems, raises serious questions about the formulation of strategies for revolutionary transformation that have typically animated radical left political praxis in India.

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