

Caste, Class, and Capital

For millions of poor people in the developing world, economic growth offers prospects for improved well-being. But what are the political and social conditions conducive to growth-oriented policies in poor democracies? This book addresses this highly consequential question by focusing on a specific empirical puzzle – policy variation across Indian states in the competition for private industrial investment, a phenomenon that came to the fore after the country adopted market reforms in 1991. Through the analysis of investment policies, this book offers a novel explanation, which links social identity, class, and economic policy outcomes. Its main findings highlight a link between pro-business policies and exclusionary political trends in India's high growth phase, and offer a sobering perspective on the current model of growth in the country. It adds to our understanding of Indian political economy as well as to the dynamics of economic development in poor democracies.

Kanta Murali is an Assistant Professor of Political Science at the University of Toronto. Her research interests include comparative political economy of development, Indian politics, politics of growth and economic policy, state–business relations, and labor policy. She holds a Ph.D. in Politics from Princeton University and an M.Sc in Development Studies from the London School of Economics and Political Science.

Caste, Class, and Capital

*The Social and Political Origins of Economic
Policy in India*

Kanta Murali

University of Toronto



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To my family and close friends for their unstinting support and willingness to give me a swift kick in the backside when I deserved one!

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Abbreviations

AIADMK	All India Anna Dravida Munnetra Kazhagam
AP	Andhra Pradesh
APIDC	Andhra Pradesh Industrial Corporation
APIIC	Andhra Pradesh Industrial Investment Corporation
BIADA	Bihar Industrial Area Development Authority
BJD	Biju Janata Dal
BJP	Bharatiya Janata Party
BSP	Bahujan Samaj Party
CAG	Comptroller and Auditor General of India
CII	Confederation of Indian Industry
CPI	Communist Party of India
CPI(M)	Communist Party of India–Marxist
CSDS	Center for the Study of Developing Societies
CSS	centrally sponsored development schemes
DMK	Dravida Munnetra Kazhagam
ENP	effective number of parties
FDI	foreign direct investment
FPTP	first past the post
GIDB	Gujarat Infrastructure Development Board
GIDC	Gujarat Industrial Development Corporation
GMB	Gujarat Maritime Board
GSDP	gross state domestic product
GSPC	Gujarat State Petroleum Corporation
HJC	Haryana Janhit Congress
HVP	Harayana Vikas Party
IAS	Indian Administrative Service
ICICI	Industrial Credit and Investment Corporation of India
IDA	Industrial Disputes Act
IDBI	Industrial Development Bank of India
IFI	international financial institutions
INCAP	Infrastructure Corporation of Andhra Pradesh
INLD	Indian National Lok Dal

List of Abbreviations

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IPE	international political economy
IT	information technology
JD	Janata Dal
JD(G)	Janata Dal (Gujarat)
JD(S)	Janata Dal (Secular)
JD(U)	Janata Dal (United)
JD(U)–BJP	Janata Dal (United)–Bharatiya Janata Party
KHAM	Kshatriyas, Dalits, Adivasis, and Muslims
LDF	Left Democratic Front
MDMK	Marumalarchi Dravida Munnetra Kazhagam
MNS	Maharashtra Navnirman Sena
MoU	memorandum of understanding
MP	Madhya Pradesh
MSME	Micro, Small and Medium Enterprises
NCP	Nationalist Congress Party
NEP	New Economic Policy
NGO	non-governmental organization
NREGA	National Rural Employment Guarantee Scheme
NTR	N. T. Rama Rao
OBC	Other Backward Class
OLS	ordinary least squares
PCSE	panel corrected standard errors
PMK	Pattali Makal Katchi
PRP	Praja Rajyam Party
PSIDC	Punjab State Industrial Development Corporation
RJD	Rashtriya Janata Dal
RJP	Rashtriya Janata Party
Rs.	rupees
RSS	Rashtriya Swayamsevak Sangh
SAD	Akali Dal
SAD-BJP	Akali Dal–Bharatiya Janata Party
SC	Scheduled Caste (Dalit)
SEZ	special economic zone
SGPC	Shiromani Gurudwara Parbhandhak Committee
SP	Samajwadi Party
SS	Shiv Sena
SSP	Samyukta Socialist Party
ST	Scheduled Tribe (Adivasi)
TDP	Telugu Desam Party
TRS	Telangana Rashtra Samiti
TSCS	time-series cross-section
UDF	United Democratic Front

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UMNO	United Malays National Organization
UP	Uttar Pradesh
VAT	value-added tax
VHP	Vishva Hindu Parishad
YSR	Y. S. Rajasekhara Reddy