

Impact of Neo-Liberal Policies over Employment and Development of Agricultural Workers in India

NIDA FATIMA
Aligarh Muslim University, India

Abstract. It is widely established that poverty incidence is very high in most of Rural-India and it is clear that rural poverty is particularly significant both in absolute and in relative terms. Moreover the picture appears rather bleak in terms of trends, since the available information on poverty trends suggests that poverty has, on average slightly increased over the years. The implementation of the Neo-liberal economic policies has led to greater concentration and centralization of land and resources, thereby sharpening the peasant class differentiation. Rural India is characterized by large number of agricultural workers majority of whom either are still landless or owning a very small piece of land and depending on the hiring out of their labour for meeting their needs of bare subsistence. This ever growing reserve army of rural agricultural workers is largely unorganized; with the exception of a few states and the implementation of the Neo-liberal policies have led to the proletarianization of the indebted and pauperized peasantry. This paper tries to show how the sustainability of small-scale cultivation, which largely characterizes Indian agriculture, though not in a homogeneous or undifferentiated manner, has been one of the important casualties of the trajectory of neo-liberal policies into which the country embarked upon in the early nineties.

Keywords: Neo-liberal Policies, Employment, Development, Agricultural workers etc.

1. Objectives of the Study

- To find out causes of rapid poverty incidence in among agricultural workers
- To study the government strategies to boost employment and development of rural India
- To evaluate the impact of Neo-liberal Policies
- To depict the transformation of modern scenario of agricultural policies

2. Methodology

The present study entitled “Impact of Neo-Liberal Policies over Employment and Development of Agricultural Workers in India” is a topic that requires both the exploratory (based on secondary data) as well as descriptive (based on primary data) studies. The study is primarily based on secondary data and partially on primary data.

3. Introduction

The neo-liberal economic reforms of 1991 and the structural adjustment of the economy, the Indian state have made an evolution from the state-led welfare-oriented economic standard to a more market-driven and capitalistic one. These reforms constituted a deep-seated rejection of the Nehru-Mahalanobis strategy of

developing India on the basis of a closed economy with a significant role for the public sector.

It was moreover expected that reforms will open up the market and bring competence and effectiveness to it, increase the productivity of the manufacturing sector, generate growth and additional employment, and reduce poverty and inequality in India.

The neo-liberal capitalist growth model was cast as the universal remedy for all problems that India faced. The industrial policies based on self-reliance slowly gave way to export-oriented policies. India opened up its market to foreign capital, invited multi-national companies, reduced import tariffs and actively sought foreign investment in various sectors.

The economic transition in India since 1991 is characterised by three facets – neoliberalism, globalization and inclusive development. Neo-liberalisation effected a structural change in the economy from state-reliant planning based market economy to a market-driven economy without state control and regulations and with the state as facilitator, not regulator, of free and competitive market. Globalisation came hand in hand with the neo-liberalisation. It basically refers to the opening up of so far inward-looking economy to the global market – particularly to the global finance.

However, India poses another characteristic which is due to its liberal democratic polity and which neither the national nor the global capital can ignore. This is in the Indian context known as inclusive development, which in the parlance of policy makers means making market work better for everyone – particularly for those who are still left out of the market despite high economic growth.

After initially growing at 5- to% per annum following the reforms, India's GDP grew at a rate of 8 to 9 % during the first decade of the 21st century. Given this high growth, some scholars predicted India as the next economic super-power. Such sweeping predictions, however, ignored the ground realities. The ruling elite were more concerned about growth rather than its implications for people. In this

context, *The Alternative Economic Survey, India: 2012-13* makes an excellent contribution to evaluating the impact of neo-liberal policies in India in the last two decades. The central questions that the authors address are:

- Who has been the main beneficiaries of economic growth in India?
- And how have the neo-liberal policies affected the lives of the poor and marginalized groups of Indian society?

Following a people-centric view and grounded in principles of equity, distributive justice and rights, it also clearly shows how the neo-liberal regime have, despite promises of making growth humane and inclusive, blatantly served the interests of big capital and deprived the *aam admi* of fulfilling their basic welfare and citizenship rights.

Four things are noteworthy regarding the transition and development in India during this period spanning from 1951 to 1984. They include:

- (i) Dominance of state control, regulation, and direct participation in production (not only in the provisioning of public goods like National Defence but also in the provisioning of private goods like iron and steel)
- (ii) Certain institutional reforms like land reforms (with very limited success)
- (iii) Social sector orientation in providing relief to the poor and marginalised sections of population which includes subsidies and various transfer payments.
- (iv) And above all, a fiscal policy stance based upon deficit financing and monetary policy stance which aimed at fixing the major macro variables like interest rate, exchange rate etc without letting them being determined by the market

4. Planning Strategy

The abrupt goal of planning, therefore, was to expand India's production base and to rapidly

industrialize the nation; “to build up our country industrially and bring about in fact that long deferred industrial revolution in this country.”

The policy makers wanted to envision India from as a “poor, relatively static, primarily agricultural and traditional economy” to as an economy that would be “richer, dynamic, industrial and modern.” Indian planners treated rapid industrialization on self-reliant basis as ends to be pursued regardless of the costs involved given the legacy of colonial past and nationalistic euphoria of the time.

Neo-liberal economic liberalisation thus saw changes in economic policy stance in both fiscal and monetary policy matters. With the government introducing self-control on fiscal deficit through Fiscal Responsibility and Budget Management Act to contain fiscal deficit, the fiscal policy option of raising government expenditure, even when needed, is gone. At the same time, this is a phase which witnessed enormous concessions or subsidies given to the capital at the cost of labour to attract private – particularly foreign investment.

The state regulations and controls in industry were changed to facilitate the market-led expansion of industries. The monetary policy on the other hand became more concerned with inflation targeting. Compared to the earlier period of post-Independent planning and state-led transition, this phase of transition registered much more impressive economic growth rates which before remained quite unthinkable.

5. Neoliberalism on the Ground in Rural India is strengthening of agrarian class conflict or the enlistment of rural elites as well as the rural poor:

The neoliberalism and globalisation agenda of the capital in Indian context could not ignore the political agenda which by its nature characterised by liberal democratic polity since 1947. So, keeping market at the focus the inclusive development agenda was set up to show that the neoliberal regime is not without any distribution agenda either. However, it has its own dilemma for the policy makers in the

neoliberal context which is best described in the chapter 2 of the Economic Survey (2013).

So, the transition is also towards a neoliberal distribution regime whose avowed objective is accommodating those who are still at the margins of market. But given the nature of distribution (which lacks any universalism, rather target orientation is the main aspect so that fiscal constraint can be reached) the programmes implemented so far remained meant some relief measures for the vulnerable. Further, the implementation failure, typical of Indian social sector programmes since the days of planning, continues unabated.

5.1 Consequences

Hence, the new transitions in Indian economy are shaped in terms of the dilemmas and pushes and pull factors associated with neoliberalism, globalization and inclusive development. The neoliberalism was incepted in India in 1991 along with globalisation to deal with economic imbalance which was then imminent in terms of external payments crisis. However, over two decades with neoliberalism and globalization Indian economy is subject to more fundamental internal as well as external imbalances.¹⁴

The current crisis is just one shot manifestation of these structural imbalances in the economy in terms of classical twin deficit (fiscal as well as current account) problems. As compared to the planning led transition phase the neoliberal and globalised high growth regime is characterised by growing income and asset inequality and also, the persistent accommodation of the interests of upper income and asset owning groups in the society.

This is reflected in the production pattern in the economy, in the import sensitivity for the rich, in motivating people towards financial investments in stocks and derivatives, and above all an attempt to install in the society a rich consumerist oriented economic culture.

As we have said already, the planning period had its own bad sides as it also failed to improve remarkably the average standard of living. However, the neoliberal transition is perhaps more precarious in this sense which can

quantitatively be confirmed in terms of increase in the value of India's Gini coefficient (an indicator for income inequality), rise in wage productivity gap in industries and services, and persistent malnutrition and hunger and poverty and unemployment (which still hold India as one of the lowly ranked countries of the world in terms of HDI ranking as per different Human Development Reports till the date since its inception in early nineties). So, while shining India is an emerging country of high growth and prosperity for few (as India has produced during this neoliberal period quite a handful number of billionaires), the other India remains still poor and lacks access to basic requirements to life while the aspiration for consumerist life always provokes this other India too!

6. Rationale and implementation of Neo-Liberal Policy Agenda for Agriculture Worker's

Although India's agriculture sector employs more than 50 per cent of the population, it contributes only 14 per cent to the overall GDP. Data show that 85 per cent of cultivators in India are small and marginal who cannot sustain their livelihood mainly on agricultural income. Even if agriculture grows annually by 4 per cent, agriculturists are not able to catch up with non-agriculturists, which have made it an unrewarding sector.

As a result, people are forced to migrate; land is increasingly allocated for non-agricultural purposes; and large numbers of poor farmers are driven to suicide. The migration of male members and their declining participation in agricultural activities has also resulted in the feminization of agriculture.

The performance of India's manufacturing sector during the reform period has also been dismal. Compared to China's 30.9 % , India's manufacturing sector has contributed only 16.1 % to the GDP. Factors like "power shortage, inadequacy and high cost of credit, fluctuations in prices of raw material, and rising import intensity in machinery and transport equipment industries" have constrained the productivity of

the manufacturing sector. Instead of generating employment, it has contributed to joblessness.

The authors show that though "some segments of Indian manufacturing have performed well; the unorganised sector has significantly lost jobs during the second half of the 2000s. Between 2004-05 and 2009-10, total manufacturing employment declined by 3.7 million, even as the organized-sector manufacturing employment in the country registered an increase of 3.1 million"

Though the advocates of neo-liberal policies believed that an export driven growth model would generate employment and hence drive inclusive growth, on the other hand, the trade performance of India has been quite varied. Though the trade deficit declined rapidly in the initial years of reform, imports grew faster than exports in the latter half of the 1990s. In the decade of the 2000s, even when the GDP was growing, "imports also grew much faster than exports". Although the government has been trying hard to promote exports, it seems that the trade liberalization policies have been misplaced. The inflows of FDI, and other capital inflows, have fallen short of meeting the deficit and total borrowing.

The exchange value of the Indian rupee has sharply declined against all major world currencies. The promise of an economic revival lies shattered in the face of the growing menace of predatory cronyism. The deregulation policies and lowering of tax rates have strengthened the black economy in India. The government has not been able to control the inflation, the imports, the trade deficit, current account deficit, exchange rate and various other measures of fiscal deficit.

Workers' rights in India were weakened since Independence by the large proportion of informal employees in the labour force. From the late 1970s, the situation deteriorated further, with attacks on unions by employers assisted by government policy. The attacks peaked during 1998-2004, after the globalization of the Indian economy from 1991 onwards, but declined thereafter.

Therefore they cannot be explained by globalization alone. Neo-liberal policies resulted in assaults on labour rights and social welfare, but trade unions and social activists struggled successfully against them. They even gained ground, in the form of the National Rural Employment Guarantee Act, which counteracted job and wage losses resulting from the global economic crisis. Globalization could help to strengthen workers' rights in India if unions worldwide could agree on a social clause in WTO agreements which would guarantee the basic human rights embodied in the ILO Core Conventions to all workers, including those currently in informal employment relationships, and launch campaigns for employment creation programs. Additionally, they would need to put pressure on governments to slash military expenditure and redirect public spending to the social sector, infrastructure, and civilian research and development. These steps would also help to end the economic downturn.

For farmers, land is one of not only a factor of economic importance, but one of cultural significance. However, with the global growth of a neoliberal capitalist market, these well-founded ideas have been forever changed by the introduction of new economic systems and corporations.

A feature of the globalization of Indian agriculture has been an acute employment shortage for those dependent on agricultural wage labour for survival. The collapse of non-farm rural employment, the crisis faced by small cultivators, and the decline in access to land among the rural poor associated with the corporatization of agriculture as well as state-backed corporate land-grab have all contributed to the increasing numbers of agricultural labourers. As a recent study notes, 'the deprivation of agricultural labourers is aggravated by the fact that not only are their wages lower than wages in non-agriculture (about two-thirds of that level), they have also grown at a lower rate in the recent period, thereby increasing the gap'. Agricultural labourers have always suffered from legal invisibility in the eyes of the Indian government -- there are still no labour laws relating to

agricultural labourers, and at best they are recognized as an unorganized sector occupational category for minimum wages, which, in any case, are never enforced. The unemployment rate for agricultural labourers is very high, and increased over the period from 1993-94 to 2004-05 .

One of the key processes associated with 'rural labourers' experience of neoliberalism has been the feminization of agricultural labour. Feminization of labour as it is occurring globally has two interrelated meanings. Firstly, it refers to the increase in women's employment in relation to men. Secondly, it refers to processes of casualisation, informalisation, and growing flexibility and insecurity of labour for both men and women which characterizes neoliberal globalization.²⁸

7. Conclusion and findings

We really need to identify the way in which neoliberalism as an ideology is not stagnant, and in particular its capacity for appropriating concepts and transforming their meaning. We can observe the way this has happened in relation to 'rights' and 'corruption' in which ideas and obsession which came out of progressive peoples' movements have been incorporated into neoliberal formulations. Here I would like to focus on how this process has occurred in relation to the concepts of gender equality and women's empowerment.

The economic dip has also made it clear that the neo-liberal model of globalization is extremely flawed, because by impoverishing the vast majority of the world's 126 working people, it restricts market expansion drastically and thus becomes a fetter on capitalist accumulation.

Another requirement is employment creation programs like the NREGA scheme in which workers are registered and guaranteed basic rights, as well as state support for workers' cooperatives. Finally, if the bulk of state expenditures on militarism are redirected towards health care, education, social security, welfare, infrastructure and civilian research, this would create socially useful employment, upgrade productive resources (including human

resources), and create the conditions for far stronger protection of the environment. In other words, globalization minus militarism and neo-liberalism is a realistic goal for which workers around the world can launch a coordinated struggle.

Indian export performance has been inadequate for making policy-formulation relatively autonomous of global financial interests. The slow growth of export revenues and the persistence of the external trade deficit are serious problems and show that the net contribution of foreign trade to the Indian economy has been negative all along, and is, in fact, deteriorating.

As far as savings and capital for investment are concerned, it is noteworthy that domestic savings and investment are even today not too far apart, suggesting the redundancy of foreign capital for growth.

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