

CLASS CONTRADICTIONS IN THE INDIAN SOCIETY

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P R E F A C E

Recognising the vastness of our subject it was felt necessary to limit the scope of the thesis in the following four ways

- (1) Agrarian classes have been left out.
- (2) Intra class contradictions have been analysed to a larger extent than inter class contradictions.
- (3) The historical process of 'class formation' and the concomitant question of 'class consciousness' have not been dealt with.
- (4) No direct reference has been made to the concept of 'mode of production'.

In other words, within the broad subject area suggested by the title, scope of the thesis has been narrowed down to the following - identification and analysis of contradictions which delineate Indian non agrarian classes and sections within it, in a relatively static framework. We now elaborate these four limiting aspects.

That emerging class contradictions in the Indian agriculture is the most important among all class contradictions in this society is beyond doubt. Precisely because of that most of our social scientists interested in the class question have studied the agrarian classes more extensively than the non agrarian classes. A rigorous study of the Indian non agrarian classes has thus become long

overdue. This explains our exclusive concern with non agrarian classes.

The 'bourgeoisie and the 'working class', as we shall see later, form the two most important non agrarian classes. The contradictions separating these two classes are quite straight forward and Marx himself has written extensively on this subject. There is very little one may add by way of identifying new types of contradictions between these two classes. But there are some very important questions that one may ask about these two classes, in the Indian context. For example - Is 'Bourgeoisie' a homogenous class Can we speak of "internal differentiation of the Indian bourgeoisie in any meaningful way Does there exist any important contradiction between various sections of the working class That these questions are quite important is reflected in the fact that many of our social scientists do adopt one view or another on all these questions while analysing the class structure of the Indian Society. Nevertheless, these internal contradictions have not received any systematic and rigorous treatment so far. That explains the focus of this work in this aspect.

The study of any particular class and sections within it needs to be carried out at two levels. Firstly the contradictions that demarcate this class from other classes and the contradictions that give rise to various sections within this class, are to be identified and analysed. Only when these contradictions have been identified and analysed, it

becomes possible to study the historical evolution of these contradictions. The present work is confined to the first level of analysis so as to give it a much sharper focus and also keep it within a manageable size. Of course, history has not been ignored altogether but it has been referred only to that extent that it helps us to understand the present structure of a class.

Generally, discussions of social classes are embedded in concept of the "mode of production". There is no doubt that the multiplicity of modes of production in a country like ours has a bearing on the condition of each and every class. Nevertheless, any direct reference to this concept has been avoided in this thesis.

The main reason for this is the following -

'Mode of production' is a classificatory concept, the domain of classification being a two dimensional space constituted by physical conditions of production and social relations of production. Since it is possible to define and discuss 'classes' directly on the basis of these two dimensions, it was found convenient to avoid direct reference to the notion of 'mode of production'. All debates on the classificatory problems not central to our discussion could be thus by passed. Further, since the Indian debate on 'mode of production' has been mainly confined to the agricultural sector, a study such as mine needs not address itself to this debate. Whenever necessary the effect of this

multiplicity of modes of production has been recognised.

Finally, one limitation needs to be acknowledged. Since the debates on class is an ongoing process there is a burgeoning literature on it. It has not been always possible to lay our hands on all the recent publications simply because they were not available at the time and place of writing this thesis.

CHAPTER 1

THEORIES OF SOCIAL CLASSES

The image of a stratified society where social wealth, power and status are unequally distributed goes back as early as to Aristotle, who divided the Greek society into three classes of rich, poor and middle one.^{1/}

In the medieval periods terms like 'estates', 'orders' etc. were employed to denote various social strata with varying ranks in the social status scale. 'Class' as a description of social groups began to be used only in the 18th century but in the beginning the term 'class' was not sharply differentiated from terms like 'estate' or 'rank'.^{2/}

Class as an economic category denoting different types of claims on social product, appeared first in a systematic fashion in the physiocratic analysis of French society. In his *Tableau économique*, Francois Quesnay distinguished three classes, which were the productive class of the farmers, distributive class of landowners who lived off the surplus from land and the sterile class of tradesmen and merchants who did not contribute anything to the net national revenue.^{3/}

Adam Smith, the founder of classical political economy, did not explicitly talk about classes based on division of labour, but he definitely recognised three different types of economic agents who had different functions in the division and had different sources of income. Smith thus wrote, "the whole annual produce... taken complexly must resolve itself into the same three parts, and be parcelled out among different inhabitants of the country, either as the wages of their labour, the profits of their stock, or the rent of their stock, or the rent of their land".^{4/}

Ricardo also explicitly recognised three sources of income which give rise to three social classes "The produce of the earth - all that is derived from its surface by the united application of labour, capital - is divided among three classes of the community; namely, the proprietor of land, the owner of the stock or capital necessary for its cultivation, and the labourers by whose industry it is cultivated".^{5/}

From 19th century, the concept of class assumed a new dimension; classes as aggregates of people with similar 'civil condition', were thought to be principal actors of history. Historical and social changes were depicted in terms of struggles between classes. Thus the French historian Guizot described the religious and political struggles in England in the Seventeenth century as,

" a screen for the social question, the struggle of various classes for power and influence".^{6/}

Guizot also thought of relating class relations to property relations, as he wrote, " In order to understand political institutions we must study the various strata existing in society and their mutual relationship. In order to understand these various social strata, we must know the nature and the relations of landed property".^{7/} Historian like Thierry and Miget also shared such views of Guizot.

The concept of class was elevated to a new status in the writings of Marx. In Marx's theoretical framework, the concept of class became both an analytical and a historical category in which the economic content of class as formulated in classical political economy was synthesized with the politico-historical content of the French historians described above. As Colletti has observed, in Marx ' the concept of class assumes a double significance, "firstly as factors or objective conditions of production and secondly as the political agents of the whole human social process"^{8/}. The only major theoretical intervention in the theory of social classes after Marx was that by Marx Weber who sought to play down the grand analytical role that Marx attributed to the category of class.

Apart from these two major theoretical approaches in the study of social classes, we may take note of a third

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one, which may be generally labelled as the functionalist approach to the study of social classes, associated with the names of Emile¹ Durkheim, Kingsley Davis, Talcott Parsons among others.^{2/} These authors consider social stratification system as an integral and necessary aspect of any complex society. A complex society, according to them, is distinguished by the presence of highly developed division of labour. There exists, therefore, a number of distinct and specific roles which must be performed. The function of a stratification system is to allocate these roles to different individuals so that they are motivated to perform their role. Since different roles have different degree of functional necessity in their view, different roles should be associated with different levels of income, social status and prestige. Clearly, class contradiction and class struggles have no role to play in such a mode of analysis. In fact, the proponents of this approach emphasise the essential harmony of interests between different social strata rather than the contradiction between them. We do not think it necessary for us to go into any more elaborate exposition of this approach.

All the recent theoretical developments in the theory of classes are essentially refinement and reformulation of the ideas of these two major theorists and hence, in the present chapter we shall mainly discuss the theories of social classes expounded by these two theorists. However, since we shall be working with a concept of class which,

we believe, is rooted in the Marxian concept, it will be worthwhile to take a brief look at some recent reinterpretation of Marx's own theory.

In Section I we shall provide an outline of Weber's theory of classes as well as one recent reconstruction of Weber's theory proposed by Anthony Giddens. In Section II, Marx's theory implicit in his own writings is discussed. In section III we take a critical look at some of the recent reformulations of the Marxian theory. In section IV we present a theory of classes of our own that we shall adopt throughout the present thesis.

Section I

Weber's theory of social classes

Weber considered classes to be just one of the many stratification systems prevalent in any complex society. For him, classes merely represented, "the possible and frequent bases for communal action"^{10/}. In fact Weber considered other stratification systems giving rise to more cohesive social groups. In particular, stratification by status is the most important characteristic of a complex society, according to Weber.

Classes, in Weber, are defined in terms of 'life chances' which denote, "the kind of control or lack of it which the individual has over goods and services and existing possibilities of their exploitation for the



attainment of receipts within a given economic order".^{11/}
'Life-chance' therefore refers to the opportunity an individual has, to enjoy socially produced use values, not for a certain moment but over his entire life-period. Individuals with similar life chances are then said to be in the same 'class situation'.

Classes, therefore, constitute a stratification system in the economic dimension alone. What is more, Weber considered economically determined classes as a relevant stratification system only in the context of a market-economy- "the kind of chance in the market is the decisive moment which present a common condition for the individual's fate. Class situation is in this sense, ultimately market situation"^{12/}. Individuals whose fate are not determined in the market, therefore cannot constitute a class. For example, slaves, according to Weber did not constitute a class. They rather formed a 'status group'.

Weber, however, did not spell out why the system of stratification by classes should be restricted to the market economics alone. His definition of 'life chance' is general enough to be applicable in any economic system and classes should be considered to exist whenever 'life chances' differ systematically between social groups. The confusion arises, probably, because of Weber's insistence that classes are determined only by economic factors alone, more precisely by the nature of distribution of goods and

services. Since only in a developed market economy, the economic distribution of goods and services appears to be independent of the distribution of social status and power, Weber could recognise the existence of classes in a market economy. But in case of a slave society, where the sphere of economy was not so neatly separated at a manifest level from other spheres of social activities, Weber failed to identify and class in the sense he understood, in that society.

Weber distinguished three types of class. Firstly, a 'property class' consists of members whose life chances are "primarily determined by the differentiation of property holdings".^{13/} Secondly a class was defined as an 'acquisition class' when, "the class situation of its members is primarily determined by their opportunity for the exploitation of services on the market".^{14/} And thirdly Weber defined a 'social class' to be composed of the "plurality of class statuses between which an interchange of individuals on a personal basis or in the course of generation is readily possible and typically observable".^{15/} - that is a collection of social groups with a large degree of mobility of individuals between these groups.

According to Weber, sharing of a common class situation by a large group of people need not produce organised and conscious corporate actions by the members of that group. He explicitly formulated the conditions that would produce class consciousness - "Organized activity of class groups

is favoured by the following circumstances: (a) the possibility of concentrating on opponents where the immediate conflict of interests is vital. This workers organize against management and not against scarcity holders who are the ones who really draw income without working (b) the existence of a class status which is typically similar for large masses of people (c) the technical possibility of easily being brought together. This is particularly true when large numbers work together in a small area, as in the modern factory (d) leadership directed to readily understandable goals." 16/

Weber, considered these conditions as only rare ones and only in the case of persons " who are completely unskilled, without property and dependent on employment without regular occupation", 17/ the possibility of emergence of an organised 'social class' he thought, exists:

Weber took 'social status' of a person to be a more important determinant of the person's social behaviour and beliefs, than his 'class status'. According to him, the term 'social status' is to be applied to a " typically effective claim to positive or negative privilege with respect to social prestige so far as it rests on one or more of the following bases: (a) mode of living, (b) a formal process of education which may consist in empirical or rational training and the acquisition of a corresponding modes of life, or (c) on the prestige of birth, or of an

occupation".^{18/} A 'status group' is constituted by individuals having similar 'status situations'. Individuals belonging to a status group are distinguished from the others by their specific 'styles of life', according to a "specific, positive or negative, social estimation of honour"^{19/}. The status groups are considered to be mere homogenous, cohesive and a closed social group, with no free entry permitted. The development of status, therefore, becomes a "question of stratification resting upon usurpation".^{20/}

Weber thus sees 'status groups' and 'classes' as two different systems of stratification without having any determinate relation between the two. "Stratificatory status may be based on class status directly or related to it in complex ways. It is not, however, determined by this alone... Conversely, social status may partly or even wholly determine class status, without however, being identical with it".^{21/} Thus class status of an officer, a civil servant, and a student may be widely different, although they are, according to Weber, all in similar social status, "because they adhere to the same mode of life in all relevant respects as a result of their common education".^{22/}

For Weber 'class' is not an important sociological category since he does not consider class conflicts to be the most decisive factor behind social changes. In his framework is the most important source of social changes. In fact, the discrepancy between the status position and class position

of a particular social group and conflict arising thereof is considered to be a more important source of social change than the conflict between classes in Weber.

Giddens and " structuration of class relationships"

Giddens in his book " The class structure of the Advanced societies " 23 has proposed a theory of class derived largely from a critical re-reading of both Marx and Weber. By " advanced society" he means a capitalist society which is distinguished from a " simple market society" by the " intersection of commodity and labour markets within the process of Production itself" 24.

He starts within the premise, which he believes to be fundamental for both Marx and Weber, that " in capitalism the market is intrinsically a structure of power in which the possession of certain attributes advantages some groupings of individual relative to others The market is thus a system of economic relationships founded upon relative bargaining strengths of different groupings of individuals. 25.

This bargaining strength or 'power' that an economic agent participating in the market possesses is defined as 'market capacity' which takes into account " all forms of relevant attributes which individuals may bring to the bargaining encounter" 26. The concept of 'market capacity' has a close similarity with the Weber's notion of 'Market situation' described earlier Giddens contrasts this concept

with Marx's concept of property.

According to Giddens, in the two class model of Marx those who are propertyless are considered, "almost completely powerless in the bargaining encounter as compared to those who own property in the means of production" 27

This suggests an undifferentiated category of the "property less". In reality, Giddens argues the wage earners also possess some kind of 'property' if the latter term is conceived as a "set of capacities of action with reference to the operation of market" 28

In the market structure of competitive capitalism, economic returns (not only money income and a range of 'fringe benefits' but also security of employment, career 'prospects etc.) an individual may get is determined by the scarcity value of the 'market capacity' the individual 'owns'. So, he argues, "all those who participate in the exchange process are in certain sense in (interest) conflict with one another for scarce returns".

Unlike Weber, Giddens does not equate 'Class position' with 'market situation' (or 'market capacity') because he recognises that such an identity would tend to imply the existence of "as many classes" and as many 'class conflicts' as there are differing market position".

Giddens is also not interested as such in grouping certain market capacities which are in (interest) conflict with others and call it a 'class'. His main concern is to

find the "links between class as a latent set of characteristics generated by the capitalist system and class as an historical dynamic entity, an 'historical actor'", This he calls " structuration of class relationships".

Giddens distinguishes two types of 'structuration' - 'mediate' and 'proximate'. By the former term, he refers to " the factors which intervene between the existence of certain given market capacities and the formation of classes as identifiable social groupings". By the second phrase, he refers to " localised" factors which condition or shape class formation" 30. The formation of social classes, or " the mediate structuration of class relationships " is said to be " governed above all by the distribution of mobility chances which pertain within a given society". Since the mobility chances - considered both intergenerationally and within the career of the individual - are unequally distributed mobility closures may be said to exist in the domain of market capacities. According to Giddens, " the greater the degree of 'closure' of mobility chances the more this facilitates the formation of identifiable classes" 31. If the closure is effective for successive generations, it reproduces common life experiences over the generations. The effect of closure for an individual is to confine him to "occupations which generate a similar range of material outcomes" 32 Giddens recognises three sorts of market capacity, considered important in this respects " ownership of property in the

means of production, possession of educational or technical qualifications, and possession of manual labour power " 33. To the extent closure of mobility chances is effective between these three sets of market capacities it yields " the foundation of a basic three-class system in capitalist society an 'Upper' 'middle' and 'lower' or working class".

For proximate structuration of class relationships, Giddens identifies three sources - the division of labour within the productive enterprise; the authority relationships within the enterprise; and the influence of what he calls ' distributive groupings'. The effect of first factor is to create a " decisive separation between the conditions of labour of manual and non-manual workers" 34. The second factor reinforces this division so far as " administrative workers participate in framing or merely in the enforcement of authoritative commands". It also reinforces the structuration of class relationship at the upper levels since ownership of property confers certain fundamental capacities of command" 35.

By distributive groupings Giddens refers to "those relationships involving common patterns of the consumption of economic goods". In Webers terminology this may be called ' life styles'. The importance of this factor lies in its ability to "reinforce the typical separations between forms of market capacity" 36.

Though Giddens discusses a number of factors of "class structuration", the social groupings they give rise to overlap to a large extent, thus creating the same three fold class structure described earlier. He considers these three classes as "generic to capitalist society".

We find Giddens' conceptualisation of 'class' as insufficient for our purpose. The Indian society cannot be adequately described as a developed capitalist society. A very large part of the production and exchange of goods still takes place outside any market. In particular, a large section of working population do not participate in any labour market whatsoever, not to speak of labour having become a commodity. 'Caste' still acts as a barrier to labour mobility between occupations to a large extent. So a definition of Class that is based on the distribution of power in the market may not be employed in such a case.

Section II

Marxian theory of Social Class^{37/}

Though the concept of social 'class' occupies a central position in Marxian theory of Economics and society, though Marx employed this concept in almost everything he wrote, he started formulating a precise definition of social class only in the third volume of capital. Unfortunately the manuscript breaks off when Marx had only mentioned three major classes of a capitalist society, in fact capitalist society of the nineteenth century Europe.

In this last chapter of capital, Marx however, gave a negative answer to the question what constitutes a 'class' that - "the identity of revenues and sources of revenues" are not sufficient for grouping separate individuals into one class, because, "physicians and officials e.g. would also constitute two classes",^{38/} It is not, however, stated why physicians and officials cannot belong to two different classes.

In the absence of a precise definition of class in Marx's own writings, there is no other alternative than to reconstruct a definition and theory of class based on the uses made by him of the concept in his writings.

There is an inherent danger in such an effort that we should be aware of at the outset. Since Marx wrote prolifically over decades, it is highly likely that he has written passages at different times and in different contexts, which can be subjected to conflicting interpretations.

The theory of social classes implicit in Marx's writings (including Engels' writings also) is organically linked with Marx's conception of society and sources of historical changes occurring within human societies. Marx conceived of human society as a group of individuals in definite relations with each other. Marx thus wrote, "what is society, whatever its form may be? The product of men's reciprocal action"^{39/}. Each of these reciprocal action describe a relation between the actors. Individuals within

a society, can, therefore, be also characterised by an ensemble of social relations. Among the multitude of these social relations, all are not of equal status. Some of them are determined by others. In other words there exists, according to Marx, hierarchy among all these social relations. The corner stone of Marxian framework of social and historical analysis is that the relations of production which men enter with each other while producing their means of livelihood is the primary determinant of all other social relations. Marx gave a heuristic justification for this approach. Since, "life involves before everything else eating and drinking, housing, clothing and various other things ... the first historical act is thus the production of the means to satisfy these needs, the production of material life itself."^{40/} This production of material life is not simply, "the reproduction of the physical existence of the individuals". "Rather it is a definite form of activity of these individuals, a definite form of expressing their life, a definite mode of life on their part. As individuals express their life, so they are. What they are, therefore, coincides with their production, both with what they produce and with how they produce. Hence what individuals are depends on the material conditions of their production",^{41/} Thus it is clear that Marx believed that the material conditions of production in which a man finds himself ultimately determines his behavioural pattern.

his action vis-a-vis other members of the society.

From the above proposition it may be also concluded that if a set of people are in identical position in respect of 'material condition of production' they may be expected to act similarly in different economic and political conjunctures and we may group them together so far as their social practices are concerned.

The expressions like 'positions in respect of material condition of production', 'positions in the social organization of production' and 'position in respect of relations of production' are generally considered as equivalent in the Marxist literature. But taken by themselves they convey very little. Though these expressions abound in the Marxist literature, we have no systematic presentation of the contents of these terms in Marx's own writings. Before we proceed, it is necessary to explore Marx's own writings to get an idea about the operational content of these supposed equivalent expressions.

Marx understood relations of production as a complex category having several dimensions. Relations between individuals that are obtained in the sphere of production need to be expressed in each of those dimensions or co-ordinates. According to our understanding of Marx, relations of production between individuals can be described in terms of four co-ordinates. They are discussed in the following:

(a) Relation in respect of co-operation between individuals:

"When numerous labourers work together side by side, whether in one or the same process, or in different but connected process",^{42/} Marx described them as working in co-operation. Existence of the cooperative labour process, obviously, presupposes the existence of division of labour within the society. Relations between individuals arising through this co-operation are indicated in the specific and interrelated functions they carry out. Marx analysed the the structure of co-operation only in the capitalist society. A capitalist labour process, for Marx, has two fold nature, " which on the one hand is a social process for producing use-values, on the other, a process for creating surplus value ".⁴³ This double nature of cooperation in turn leads to the second aspect of relation of production.

(b) Relation of Control:

The second aspect of production relations is the relation of control whereby one's labour is controlled by another. In the capitalist labour process, " the cooperation of wage-labourers is entirely brought about by the capital that employes them", "Their union into one single productive body and the establishment of a connexion between their individual functions are matters foreign and external to them, are not their own act, but the act of capital that brings and keeps them together",^{44/} Therefore " the work of directing,

superintending, and adjusting, becomes one of the functions of capital".^{45/} Hence capital, requires a special group of managers, foremen, overlookers, whose exclusive function is to supervise and command the labour process in the name of the capitalist. This control of labour of one by another has a double nature. In one aspect, this control is a purely technical necessity whenever the labour process is based on cooperation of individual labourers. Thus Engels writes, " Wanting to abolish authority in large scale industry is tantamount to wanting to abolish industry itself, it destroy powerloom in order to return to the spinning wheel".^{46/} The other aspect of control is a social one described in our next coordinate of production relations.

(c) The relation of Exploitation:

The above relation of control in its social aspect is also a relation of exploitation, which is the most crucial one for the identification of classes in the Marxian framework. In fact the social relations of dominance and subjugation of one class by another is determined by this aspect of production relation. In the words of Marx, " The specific economic term, in which unpaid surplus labour is pumped out of direct producers, determines the relationship of rulers and ruled, as it grows directly out of production itself and, in turn, reacts upon it as a determining elements... It is always the direct relationship of the

owners of the conditions of production *... which reveals the innermost secret, the hidden basis of the entire social structure"^{33/}

(d) The Property Relation:

Finally, all the above relations, for their continued reproduction presupposes certain forms of property. Though at first sight property describes a relation between man and object, for Marx property is essentially a relation between man and man in so far as property right over an object confers some socially enforceable rights with reference to the object apropos other members of the society. Marx distinguishes between simple possession and property. Possession expresses only the capacity of an individual or a community to use some objects. But property expresses the capacity to utilise means of production for extracting surplus labour out of the direct producers. Thus, "it would be correct to say that families and entire tribes exist which have as yet only possession and not property"^{48/} Marx has also referred to situation, " which the direct producer remains the "possessor" of the means of production and labour conditions necessary for the production of his own means of subsistence, but the property relationships, " appears as a direct relation of lordship and servitude, so that the direct producer is not free"^{49/}

Marx, when he discusses an economic system at a very high level of abstraction, e.g. in the conceptual framework of modes of production recognises two levels in each of the four coordinates of production relations described above. Thus, in the first coordinate we have the categories - producers and non-producers. Producers are engaged in the cooperative labour process; they are part of the cooperative labourers. In the control aspect of production relations, only two categories are developed - those whose labour is controlled by others and those who control other's labour. In the third coordinate the two levels are - the exploiters and the exploited. In the fourth coordinate owners and non-owners are the two levels.

Marx, however, does not consider these aspects of production relations as independent of each other. In fact, the relation of exploitation is taken to be the most crucial and all the other aspects are thought to be dependent on it. As a result Marx recognises two basic classes characterising every known mode of production. The class of direct producers, who are exploited and do not own property, though they may be in possession of some parts of the means of production, stands in opposition to the class of non-producers, that is owners of property and direct appropriators of surplus value* out of the direct producers. This dichotomic image of class structure appears with a literary flourish in the Communist Manifesto in an oft quoted passage - "The history of all

* We are using the term Surplus value in a very broad sense. In the context of a capitalist economy it is to be understood as a part of exchange value, while in the precapitalist economies, as a part of use values.

hitherto existing society is the history of class struggles. Freeman and slave, patrician and plebian, lord and serf, guild master and journeyman, in a word oppressor and oppressed, stood in constant opposition to one another, carried on an uninterrupted, nowhidden, now open fight."^{50/}

It may appear from the above passage that Marx, the revolutionary propagandist, in his penchant for making sweeping generalisation and dramatisation of historical changes, has brushed aside all the complexities of the social structure of a real society and reduced the course of historical development to a simplicity which bears no empirical correspondence. But if we study the more mature theoretical works of Marx, especially his analyses of the 19th century French society, we find a much deeper and complex understanding of social classes.

In fact, struggles between the minority classes are considered as a more important determinant of the observed historical changes. For example, Engels introduced "the class struggle in France 1848-50" with the following words: " All revolutions upto the present day have resulted in the displacement of one definite class rule by another, but all ruling classes upto now have been only small minorities in relation to the rule mass of the people *** the common form of all these revolutions was that they were minority revolutions. Even when the majority took part, it did so - whether willingly or not - only in the service of a minority"^{51/}

The picture of class struggles in the history that emerges from the above passage is entirely different from the one that we have found from the passage in the Communist Manifesto. The conflict between different minority classes of oppressors representing different forms of oppression is considered here as the determinant of historical changes than the conflict between all oppressors and the oppressed majority. The struggles of the oppressed majority assumes historical importance only in so far as these struggles have a catalytic effect in hastening the dissolution of the old form of oppression. For example, it was not the struggles between the serfs and landlords that gave rise to a new economic order i.e. capitalism in the place of feudalism but the struggles between the landlords and the bourgeoisie.

Thus we obtain two different, in fact, conflicting view points about the historical importance of two different categories of class struggles as the prime mover of history. The problem arises because Marx carries out his analysis of the dynamics of a given mode of production, which is an abstract theoretical construct, class appears as an analytical category, and contradictions between the two basic classes characterising a given mode of production provide the dynamics of the economy. For example, in the feudal mode of production, contradictions between the lords and serfs cannot but be the most important determinant of social dynamics. But in any real society, the pure categories of logically defined classes of a definite mode of production appear in varied and

mixed forms. Furthermore, which is more important, categories related to two different modes of production coexist in any real society at any given point of time. Therefore, when Marx analyses the social structure of a concrete society, he has to recognise not only the existence of social classes but also of fractions of classes, social strata not belonging to any class and even simply aggregates of individuals which he calls Masses. Thus in "The Eighteenth Brumaire of Louis Bonaparte" Marx mentions a long list of social categories of individuals with definite interests of their own "the aristocracy of finance, the industrial bourgeoisie, the middle class, the petty bourgeoisie, the army, the lumpenproletariat organised as the Mobile Guard, the intellectual lights, the clergy and the rural population",^{52/}

Obviously Marx does not consider all the above social groups as social classes but he clearly recognises these social groups as distinct social strata which played important political role in a particular juncture of history. It is interesting to note that Marx treats two fractions of the bourgeoisie, namely 'the aristocracy of finance' and 'the industrial bourgeoisie' separately and in fact recognises some important conflicts between these two strata, although in respect of production relations, at least in terms of relation of exploitation and property relationship these two strata occupy similar positions in the social organisation of production. Marx shows how these two fractions were

opposed to each other in the concrete historical situation. He found in the financial aristocracy the 'desire to enrich themselves not by production but by clearly appropriating to themselves riches that already exist',^{53/}

In respect of the peasantry too, Marx uses the expression "peasant masses" instead of treating them as a distinct class. What is, therefore, required, according to Marx, for a certain social group to be called a class is that there exists a potential for realisable unity among the members of that groups. "In so far as millions of families live under economic conditions of existence that separate their mode of life, their interests and their culture from those of the other classes, and put them in hostile opposition to the latter, they form a class. In so far as there is a merely a local interconnection among these small holding peasants and the identity of their interests begets no community, no national bond and no political organisation, they do not form a class".^{54/} Therefore the unity among members of a class must be a unity opposed against another unity representing a different class. "The separate individuals form a class only in so far as they have to carry out a common battle against another class; otherwise they are on hostile terms with each other as competitors".^{55/}

The contradiction between two classes is not the collection of all the contradictions existing between individual members of two classes. Initially, the contradictions

between two nascent classes appear as individual conflicts between individual members of two classes. The process through which this conflict between isolated and separate individuals take the form of contradiction between two classes is called the process of formation of a social class. Marx envisages the formation of a social class at two levels. Firstly, at the objective material level, common class situations are created for a mass of individuals against another class. The class struggles at this level is carried out by spontaneous combinations of the members of a class. The Class exists here as a potential force, as a 'class in itself'. A 'class for itself' comes into existence, when the members of a class become conscious of their class positions and seek to realise their objective class interest in a politically organised fashion.

So to summarise, Marx formulated his theory of social classes at two levels of abstraction. In the highly abstract theoretical category of mode of production, classes appear as an analytical category, the basic human aggregates participating in the production process. At such a level of analysis, only the basic classes, which characterise a given system of production are considered. For example, the bourgeoisie, proletariat and the landlords are the only classes that are identified in a capitalist system of production.

But while analysing a concrete society at a given historical time, Marx drew a more complex picture of the class structure of that society. Social groups which are not

directly identifiable in terms of relations of production alone, (for example the lumpen-proletariat, the army etc.) are also considered as constitutive elements of the societal class structure. And the multitude of contradictions existing between these classes, strata and social groups are then studied to analyse the dynamics of the class divided society.

Section III

Some recent reformulations of Marx's theory of Social Classes

After Marx, his theory of social classes have been adopted and applied to the analysis of a widely different societies. But little attention had been paid to rigorous formulation and discussion of the theory implicit in his work. Though Lenin gave a very formal definition of social classes, he never elaborated it and in fact his major contribution lies in his analysis of social classes of the Russian society of his time.^{56/} It is possible to distill a theory of class from his application of the Marxian concept of classes. Similarly Mao-Tse-Tung made a class analysis of the pre-revolutionary Chinese society without considering it necessary to discuss the concept of class itself.^{57/} Only in recent times, the Marxian concept of class itself has been subjected to critical examination and we shall discuss below only some of them.

Poulantzas and structural determination of social classes^{58/}

'Structural determination of social classes' and 'class positions' are the two key concepts of Poulantzas's version

of Marxian theory of social classes. The 'structural determination of social classes refer to "certain objective places occupied by the social agent in the social division of labour; places which are independent of the will of these agents".^{59/} A social class, according to Poulantzas, "is defined by its place in the social division of labour as a whole".^{60/} By social division of labour, Poulantzas not only designates the relations of productions, but also ideological and political relations obtaining in a given social formation. For Poulantzas, "economic place of the social agents" is not sufficient to determine social classes and political and ideological aspects must also be considered in identifying the social classes. This is because, "social classes coincide with class practices i.e. the class struggle, and only defined in their mutual opposition".^{61/} By 'class struggle' poulantzas does not mean any organised and conscious political practices of a group of social agents but only to the presence of mutual antagonism between classes, which are being reproduced day by day. In other words class struggles continue according to him, even when no politically conscious class organization exists.

By 'class position' poulantzas refers to the concrete position a structurally determined social class adopt in 'each specific conjuncture' of history. A social class therefore, " may take up a class position that does not correspond to its interests, which are defined by the class determination

that defines the horizon of the class struggle".^{62/} It may so happen that a class or a fraction of a class takes up a class position which is inconsistent with its interests derived from its structural determination. For example, "the labour aristocracy, in certain conjunctures takes up class positions that are in fact bourgeois".^{63/} This does not mean that in such cases the labour aristocracy becomes a part of the bourgeoisie; rather it remains, "from the fact of its structural class determination, part of the working class".^{64/}

Poulantzas substitutes the Marxian distinction between 'class in-itself' and 'class for itself' which he rejects as a Hegelian scheme, with his own distinction between 'structural class determination' and 'class position'. Poulantzas emphatically argues that, "ideological and political relation i.e the places of political and ideological domination and subordination are themselves part of the structural determination of class, there is no question of objective place being the result only of economic place within the relations of production, while political and ideological elements only belong simply to class positions".^{65/}

Poulantzas, however, never spells out clearly what determines the class position that a particular social class takes in a specific historical conjuncture and also how the class position is related with the structural determination of a social class. Poulantzas says: "class determination must not be reduced, in a voluntarist fashion, to class position".^{66/}

In fact, class determination only "defines the horizon of the class struggle", that is, sets limits to the possible class positions. So there exists an element of indeterminacy regarding the class positions that a class takes up. It is not also clear what Poulantzas means by saying that, "structural class determination involves economic, political ideological class struggle".^{67/} Class struggle can only be understood as expression of contradictory class positions that different classes take in historical conjunctures. Therefore, class position becomes a defining element of class determination. We get a relation of circularity between class position and class determination.

Furthermore, it is not also clear as to what are the specific ideological and political relations that Poulantzas wants to include in the criteria that structurally determine social classes. If we examine some of the specific classes that Poulantzas defines in the context of present day advanced capitalism, we find that the criteria which Poulantzas designates as ideological and political are essentially components of relations of production. For example, the political criterion that Poulantzas uses in differentiating the working class from the new petty bourgeoisie (to which belongs foremen, engineers, scientists etc.) is that of the position of a labourer in the hierarchy of management and supervision. Similarly the core ideological criterion that Poulantzas uses is that of division between mental and manual labour and the domination of the latter by the former".^{68/} It is one thing

to say that a certain relation of production has a political or an ideological content and another to say that this relation itself is a purely political or purely ideological relation.

Finally Poulantzas makes an interesting point regarding the question of strata or fraction of a social class. Poulantzas considers it wrong "to imagine that there can exist 'strata' that are outside classes and the class struggle".^{69/} Strata are always, "designations of differentiations within classes, not categories that can exist outside classes."^{70/} Strata are distinguished from classes by the fact that, "strata do not have specific and relatively autonomous class interests".^{71/} But this is clearly at variance with what Marx has written about different social groups of the French society of 19th century, like peasant masses, lumpenproletariat etc.

Erik Olin Wright and 'contradictory class location'^{72/}

Wright's contribution to the recent Marxist debate on identification of various classes in developed capitalist countries, lies in his treatment of ambiguous positions within the class structure. These ambiguities in the class structure is related to some class positions, which occupy, "objectively contradictory locations within class relations".^{73/} In other words there are objective positions within the class structure, which are "torn between the basic contradictory class relations of capitalist society".^{74/}

Wright identifies three clusters of such positions, namely, (i) managers and supervisors having a contradictory location between the bourgeoisie and the proletariat (ii) certain categories of semi-autonomous employees, having contradictory location between the proletariat and the petty bourgeoisie (iii) small employers situated in a contradictory location between the bourgeoisie and the petty bourgeoisie. These three contradictory class locations assume its contradictory positions only in relation to the three basic classes in the capitalist society namely, the bourgeoisie the working class, and the petty bourgeoisie.

Wright identifies these three basic classes in relation to three central process underlying the basic capital-labour relationship, which are, "control over the physical means production, control over labour power, control over investments and resource allocation".^{75/} Capitalists exercise control over all the three processes and the workers are excluded from the control in each of these aspects. Wright defines the petty bourgeoisie as having control over the physical means of production and control over investments and resource allocation, but no control over labour power (as they do not employ any labour in Wright's framework).

Wright defines the three contradictory class locations, stated above, as those "situations in which these three processes did not perfectly correspond to the basic class forces within the capitalist mode of production or to the petty bourgeoisie in simple commodity production".^{76/}

For example top managers exercise full control over the physical means of production and over the labour power of others but only partial or attenuated control over investment and accumulation process. Wright, therefore, considers the class location of top managers, as a contradictory location around the bourgeoisie which, by definition, exercise control over all the three processes. On the other hand, foremen and line supervisors have only residual control over all the three process and therefore occupy a contradictory class location closest to the working class.

Wright, however, leaves unanswered the question whether 'contradictory class locations' define separate social classes or merely some social strata. It is not clear whether there exists any unity of interests of different categories (for example between foremen and top managers) occupying contradictory class locations in a similar way. Therefore, we fail to understand the analytical value of such categories as 'contradictory class location' in the ensemble of class relations obtaining in a capitalist society.

Apart from the two basic classes related to the developed capitalist mode of production, that is the bourgeoisie and the proletariat, and the class of petty bourgeois related to simple commodity production, and three contradictory locations derived from these three unambiguous class positions, Wright also discusses the class locations of such 'social positions' as housewives, students, pensioners, people permanently on welfare - 'positions' which are not "directly defined by the social relations of production and would thus not be explicitly encompassed by

the criteria",^{77/} we have already mentioned. According to Wright, "the class location of such positions is determined by their relationship to the fundamental interests of classes"^{78/} which have been unambiguously defined within the social relations of production. Wright defines fundamental interests as those interest which "call into question the structure of social relations itself"^{79/} while immediate class interests, "constitute interests within a given structure of social relations". As for example, struggles for higher wages or better living conditions etc. can be accommodated within limits, within the basic structure of capitalism itself and no structural changes are called for to meet those demands. Struggle for socialism, on the other hand, "challenge the premises of capitalist relations and reflect the fundamental interests of the working class".^{80/}

Carchedi and economic identification of social classes ^{81/}

Carchedi discusses classes only in the context of a capitalist society. His discussions are carried out mainly at two 'levels of abstraction' - "the level of the pure capitalist structure and the level of the capitalist socio-economic system"^{82/} On the former level, a capitalist economic system in its ideal form is considered. Production agents are grouped into only two classes typical of the capitalist system, the capitalist class and the working class. These two basic classes are defined in terms of four fundamental dichotomies, which are - the producer/non-

producer, the exploited/exploiter, the labourer/non labourer and the owner/non-owner. At the first level of abstraction, Carchedi groups "the terms of these dichotomies in the following two equivalences: 1, labourer = non-owner = exploited = producers; 2, owner = non-labour = non-producer = exploiter". These two equivalences, then, give rise to two basic classes of a pure capitalist structure, Carchedi considers these definition of classes as 'economic definition of classes', which is "nothing more than the class collocation of the production agents due to the production relations"^{83/}

At the second level of abstraction Carchedi considers not only the 'economic instance' but also the political and ideological ones. As a result of introduction of these new elements, the definitions of two basic classes also undergo changes and it becomes also possible to consider a 'third primary class', that is the petty bourgeoisie. To distinguish these new definitions classes from the earlier ones, Carchedi calls them 'economic identification of classes. The working class is then called the proletariat and the capitalist class the bourgeoisie.^{84/}

Although Carchedi talks about ideological and political criteria in defining classes essentially he introduces two concepts, namely the 'global function of capital' and the 'function of collective workers' to identify classes under the monopoly stage of capitalism. These two concepts are related to the nature of functions the economic

agents carry out in a given labour process. Cachedi, like Poulantzas, emphasises the social content of these functions (i.e. of Supervision, of management etc.) regard these functions mainly as ideological and political ones. Thus, Cachedi like Poulantzas, confuses ideological and political dimensions of the relations of production with ideology and politics itself. The specificity of the ideological and political superstructures are, therefore not considered in such an approach.

All the three authors mentioned above conceive of classes principally as a classification problem of 'positions' in the division of labour. Each class represents a certain grouping of such positions. It remains, however, unexplained in the writings of all the three authors, why certain sets of positions constitute a class. In fact all the three authors do not discuss the analytical requirements of the category of class and therefore the elaborate discussions about the definitional boundaries of few classes in the advanced capitalist societies are not provided with any proper perspective for evaluating these definitions. Lastly we must mention that in recent times a number of other writers have employed Marx's concept of class in analysing some concrete cases of both developed and under developed societies. For example Westergaard and Resler have analysed the case of Britain in their book entitled, "Class in a capitalist Society".^{85/}

Similarly Shivji and Mamdani have written on the class structure of Tanzania and Uganda respectively 80. All these books have adopted Marx's schema of classes in an uncritical way. In fact, theoretical problems involved in the definition of class itself do not concern these authors directly 87. And in subsequent analysis also, they have not tried to arrive at any particular definition of class, although it is possible to distill from their analysis a certain set of characteristics that they have employed to demarcate different classes. A critical analysis of all such implicit notions of class seems unimportant to us, because we feel it will be more fruitful to arrive at a rigorous definition of class on the basis of Marx's own use of it.

Section IV

So far we have given an exposition of Marx's theory of social classes and the recent reformulations and clarifications of Marx's theory. On the basis of that we shall try to present below a definition of classes that we will adopt and apply to identify and discuss the non-agrarian classes of the Indian society in the chapters of this thesis.*

The crucial element for our definition is the concept of contradiction, which is not equivalent to any relation of conflicting interests between any two individuals within a

* Our approach outlined below draws heavily from an unpublished paper by Professor Ashok Rudra, titled "Emerging Class Structure in Indian Agriculture".

society. A relation of conflicting interests between two individuals may arise if the two individuals have certain incompatible objectives or goals. In other words, the objectives of one individual can be realised if and only if the objectives of the other one is not fulfilled. A relation of conflicting interests may be called economic, political etc. depending upon the nature of objective. For example, the conflict between a buyer and seller of a certain product is a relation of economic conflict, the conflict between two election candidates is a political one and so on. More precisely, a relation of conflict will be called an economic one, if the conflict has a direct bearing upon the positions of the parties involved, in the structure of production, distribution and appropriation of social surplus. Contradictions that are relevant for defining social classes are based upon these economic conflicts existing between economic agents alone. A relation of conflict becomes a relation of contradiction when the following conditions are satisfied:-

1) the conflict cannot be resolved without necessitating a change in the position in the social division of labour of the parties involved, the position being approximated by \neq the four co-ordinates of relations of production described before, namely the relation in respect of cooperation, relation of control, relation of exploitation and finally property relation,

2) the conflict is not of a transient character - that is without a historical dimension.

3) the conflict should be of such a degree that no stable coalition can be envisaged over long periods between the parties involved.

We shall now discuss these three points in a greater detail.

The first point states that contradictions are conflicts that primarily arise due to an individual's position in the structure of relations of production and are integral aspects of that position. For example, conflicts between a worker and a capitalist can be called a contradiction and so far as the economic agents occupy these two positions respectively, this contradiction is irreconcilable. But the competition and the conflict arising thereof between two capitalists is not a contradiction since that conflict can be reconciled by merger, cartel formation etc. without them ceasing to be capitalist. The second point suggests that we are talking about conflicts which are properties of the given structure of relations of production and cannot be reduced to more interpersonal conflicts which can be resolved by mutual consent of the two parties. These conflicts cannot be also resolved by suitable state policies. In other words, the interest of two parties are of such fundamental nature that even when the economic conditions change a great deal, the interests remain in conflict with each other. For example, enactments of minimum wage legislations, tax on super profits, unemployment allowance etc. do not change the basic conflict between the interests of the wage earners and the profit making capitalists.

To illustrate the third point, let us consider the example of capitalists and workers. Suppose an individual capitalist co-operates with the workers employed by him to edge out another capitalist from competition. This cooperation can be of some gain to the workers, only if the distribution of income changes in their favour as a result of the cooperation, but such a change goes against the interest of the capitalist concerned. On the contrary, a cooperation between the two capitalists will be helpful to both of them, in so far as this gives rise to monopoly positions making them monopsonic buyers in the labour market and monopoly producers in the product market.

Classes can now be defined in terms of contradictions. Two classes are distinguished from each other by the members of each class occupying similar positions in the structure of relation not having any contradiction (but conflicts other than contradiction may remain) among themselves, while having contradiction with members of the other classes. In other words there exists intra-class conflicts and inter-class contradictions.

Adopting the language of statistics, we may state that classes should be such grouping that intra groups conflicts are dominated by the inter group conflicts (i.e. contradictions). As we do in cluster analysis, we are trying to define classes as clusters of economic agents such that intra cluster distances (i.e. intra-class conflicts) are relatively insignificant compared to the inter-cluster distances (i.e. between classes contradictions).

The similarity of the concepts, however, is strictly limited. In analysis of variances or in cluster analysis, variabilities or distances between any two groupings are measured in some natural scales. But in class-analysis, intra class conflicts are of a qualitatively different nature from the conflicts (the contradiction, to be precise) existing between two classes and there are no accepted scales or units of measuring either of them. Furthermore, in cluster analysis and analysis of variance, one deals with an exhaustive stratification of the underlying population. But classes do not constitute an exhaustive stratification of economic agents, * that is economic agents exist who cannot be included in any class.

What is more, classes may not be understood as a mere grouping of economic agents and class-analysis as just a classificatory problem. If classes do not form the bases for social practices (i.e. political and ideological) of the individual members of classes, if class contradictions do not explain social changes, class-analysis becomes a fruitless exercise. Thus, unlike in analysis of variance or in cluster analysis, there is an independent way to test the validity of a particular class analysis * that is in terms of its usefulness in any study of the dynamics of the society concerned.

Foot Notes to Chapter I

- 1/ See Aristotle: Politics (translated by Benjamin Jowett), Modern Library 1943, New York, pp.190-193.
- 2/ For a brief history of the concept see the article "Class, Class Struggle" by Klaus Von Beyme in Marxism Communism and Western Society, Vol.2, ed. by C.D.Kerning, pp. 1-19, Herder and Herder, New York, 1973.
- 3/ *ibid.*, p.1.
- 4/ Quoted from Adam Smith: The Wealth of Nation, Vol.1 (Everyman's Library edn., New York, 1964), pp.46.
- 5/ David Ricardo: Preface to "On the principles of Political Economy and Taxation" included in the Works and Correspondence of David Ricardo (ed.) by P.Sraffa, Cambridge University Press, 1975, pp.5.
- 6/ Quoted in the "Development of the Monist View of history" by G.Plekhanov, Progress Publishers, Moscow, 1974, p.26.
- 7/ *ibid.*, p.25.
- 8/ See Lucio Colletti: From Rousseau to Lenin, New Left Books, London, 1972, p.14.
- 9/ See Emile* Durkheim: The division of Labour in Society, Glencoe III, Free press, 1960.
Talcott Parsons: A revised analytical approach to the theory of Social stratification, pp. 92-128 in Reinhard Bendix and Seymour Martin Lipset (ed.): Class, Status & Power (1st edn.).
Kingsley Davis and Wihbert E.Moore: Some Principles of stratification, pp. 47-53 in Bendix and Lipset (op.cit.) First edn.
- 10/ Quoted for Max-Weber: "Class States and Party" reproduced in Bendix and Lipset (op.cit.) 2nd edn., 1970, p.21.
- 11/ Quoted for Max-Weber: The Theory of Social and Economic Organisation (ed.) by T.Parsons (ESED), 1966, New York Free Press,

- 12/ Max Weber: Class Status and party (op.cit.)pp.22.
- 13/ TSEO = p.425.
- 14/ ibid., p.425.
- 15/ ibid., p.426.
- 16/ ibid., p.428.
- 17/ ibid., p.425.
- 18/ ibid., p.429.
- 19/ Weber: Class Status and Party (op.cit.), p.25.
- 20/ Weber: ibid., p.24.
- 21/ TSEO: p.429.
- 22/ ibid., p.429.
- 23/ Giddens Authority - The class structure of the
Advances societies - Hutehinson University
Library, 2nd Edn. 1983.
- 24/ ibid = p.298.
- 25/ ibid = p.101-2
- 26/ ibid = p. 103
- 27/ ibid = p. 102
- 28/ ibid = p. 103
- 29/ ibid = p. 104
- 30/ ibid = p. 107
- 31/ ibid = p. 107
- 32/ ibid = p. 107
- 33/ ibid = p. 107
- 34/ ibid = p. 108
- 35/ ibid = p. 109
- 36/ ibid = p. 110

- 37/ For other expositions of Marx's theory of social class - See article by Reinhard Bendix and Seymour Martin Lipset - Karl Marx's Theory of Social Classes pp.6-11, in Bendix and Lipset (ed.) Class, Status and Power (2nd edn.) Routledge and Kegan Paul Ltd., London, 1964.
- Also see Stanislaw Ossowski Class structure in the Social Consciousness (Routledge & Kegan Pant Ltd., London 1969) pp. 69-88.
- See also Dahrendorf's reconstruction of Marx's theory of classes in Ralf Dahrendorf: Class and Class conflict in Industrial Society (Routledge & Kegan Paul Ltd., 1959), pp. 8-27.
- 38/ Karl Marx: Capital, Vol.3 (Moscow, Foreign Languages Publishing House, 1962), pp. 862-863.
- 39/ Quoted from Marx's letter to P.V. Annelvkov, December 28, 1846, published in Marx Engels Selected Works (3 Vols.), (MESW), Vol.1, Progress publishers, Moscow, 1969.
- 40/ MESW, Vol.1, p.30.
- 41/ MESW, Vol.1, p.20.
- 42/ Capital, Vol.1, Progress publishers, Moscow, 1977, pp.308.
- 43/ *ibid.*, pp.314.
- 44/ *ibid.*, pp.314.
- 45/ *ibid.*, pp.313.
- 46/ Quoted from F.Engels 'On Authority' in MESW, Vol.2, pp.377.
- 47/ Capital, Vol.3, Progress Publishers, Moscow 1974, p.791.
- 48/ *ibid.*, p.790.
- 49/ Capital, Vol.3, p.790.
- 50/ Manifesto of the Communist Party in MESW, Vol.1, p.108-109.
- 51/ Engels introduction to The Class Struggle in France in MESW, Vol.1, p.190.

- 52/ The Eighteenth Brumaire of Louis Bonaparte in MESW, Vol.1, p.404.
- 53/ The Class Struggle in France in MESW, Vol.1, p.208.
- 54/ The Eighteenth Brumaire of Louis Bonaparte (op.cit.), p.479.
- 55/ The German Ideology in MESW, Vol.1, p.65.
- 56/ Lenin's definition - "Classes are large groups of people differing from each other; by the place they occupy in a historically determined system of social production; by their relation (in most cases fixed and formulated in law) to the means of production; by their role in the social organization of labour and consequently by the dimensions of the share of social wealth of which they dispose and the mode of acquiring it". V.I.Lenin Collected Works, Vol.29, p.421. For his analysis of Russian Classes see the Development of Capitalism in Russia - in Vol.3, Collected Works, Progress Publishers, Moscow,1960.
- 57/ See Mao: Analysis of Classes in Chinese Society in Selected Works of Mau-Tse-Tung (one volume) National Book Agency, Calcutta.
- 58/ All quotations in this sub-section is from Classes in Contemporary Capitalism by Nicos Poulantzas Verso edn., 1978, London.
- 59/ *ibid.*, p.14.
- 60/ *ibid.*, p.14.
- 61/ *ibid.*, p.14.
- 62/ *ibid.*, p.15.
- 63/ *ibid.*, p.15.
- 64/ *ibid.*, p.15.
- 65/ *ibid.*, p.16.
- 66/ *ibid.*, p.16.
- 67/ *ibid.*, p.16.
- 68/ For example Poulantzas writes: "This division (i.e. mental vs. manual - A.N.) is rather a function of the ideological and political relations that mark the places occupied by the agents" - *ibid.*, p.253.

- 69/ Poulantzas: "The New Petty Bourgeoisie" in Alan Hint (ed.): Class and Class Structure: Lawrence and Wishart Ltd., London, 1978, p.115.
- 70/ *ibid.*, p.115.
- 71/ *ibid.*, p.116.
- 72/ See Erik Olin Wright: Class, Crisis and the State, Verso edn., London, 1979.
- 73/ *ibid.*, p.61.
- 74/ *ibid.*, p.62.
- 75/ *ibid.*, p.73.
- 76/ *ibid.*, p.88.
- 77/ *ibid.*, p.88.
- 78/ *ibid.*, p.91.
- 79/ *ibid.*, p.89.
- 80/ *ibid.*, p.89.
- 81/ See Guglielmo Carchedi: On the Economic Identification of Social Classes, Routledge and Kegan Pvt. Ltd., (Direct edn.), London, 1977.
- 82/ *ibid.*, p.49.
- 83/ *ibid.*, p.81.
- 84/ *ibid.*, p.82.
- 85/ Westergaard John and Resler, H: Class in a Capitalist Society, Heineman London 1975.
- 86/ Shivji Issa S : Class struggle in Tanzania, Heineman, London 1958.
- Mamdani, M: Politics and Class Formation in Uganda, Heinemann, London 1976.
- 87/ For example Westergaard and Resler have written -
 " We shall not tie ourselves to rigid definitions of class groupings and their boundaries, final in Advance" in Westergaard and Resler, (Opeit) p = 28.

CHAPTER 2

FROM SOCIAL GROUPS TO SOCIAL CLASSES

In this chapter we are going to adopt a scheme of classification of economically active individuals into a number of social groups*. These groups are defined as to constitute collections of economic agents with similar economic positions. Social classes are also collections of economic agents with a homogeneity of some kind and degree. It is not quantitative differences in the degree of homogeneity (though such differences may very well exist), that differentiates social classes from just any kind of social groups. The analytical purpose and social significance of these two categories are altogether different. In Section I of this chapter, we discuss the conceptual link between these two most important categories of our theoretical framework. In the next three sections we make an attempt to delineate different social classes and strata with the help of social groups. In Section II the bourgeoisie and petty bourgeoisie are discussed. In Section III, the managers in economic enterprises and the bureaucracy are considered. In Section IV, we take up the working class and office workers in the organised sector.

* This particular scheme of classification is described in detail in the Appendix-A of this thesis.

Section I

Social groups and Social classes: the conceptual link

The particular scheme of defining social groups that we have adopted is based on four attributes to depict the economic position of any economic agent. These attributes, it may be recalled are - (i) position of an economic agent in the structure of activities, (ii) position in the hierarchy within the economic organisation to which an agent belongs, (iii) relation with other economic agents mediated through the means of production, (iv) form of economic organisation through which an agent participates in economic activities. Each group is defined by the intersection of these four classificatory co-ordinates.

It is obviously possible to arrive at many different classifications with the help of different sets of attributes. The question thus arises - why this scheme of classification by these particular four attributes? We can at best offer heuristic justification since there does not exist any scientific concept of a unique or best classification scheme.

The social groups resulting from the attributes selected by us have the desirable property of having a high degree of homogeneity within each group and a high degree of heterogeneity between different groups, the heterogeneity and homogeneity being in respect of the presence or absence of contradictions which we consider to be the most crucial element for defining classes. The presence of sharp

contradictions between the different groups as defined by us needs to be demonstrated and this we propose to do in the subsequent parts of this thesis.

If we were to adopt a different classification scheme the nature of social groups arising out of them would differ from the social groups we have constructed in two ways. If we were to choose a finer classification scheme, the social groups arising out of that would be subsets of the social groups we have obtained. These subgroups would not mean much unless the members belonging to two subgroups have some stable contradictions between them. There would of course be some conflicts of interest between these hypothetical subgroups but they would not be such as to generate different responses from different subgroups, in a pronounced and stable fashion. Moreover, with a finer classification scheme there would be no stability of the membership of groups so formed. The group affiliation of an individual would be then highly indeterminate and volatile. The groups in that case cease to be of significance for analytical purposes.

The other way of doing a different classification would be to have fewer attributes and fewer demarcations of each attribute defining few larger groups. In that case, these larger groups would contain smaller subgroups (coinciding with our groups) with significant and relatively stable contradictions, between them. Then the desirable property of homogeneity within each group would be missing for such a classification scheme.

If it is granted that our classification scheme is a reasonable starting point for formulating an operational definition of social classes, the question arises as how to proceed to social classes from these social groups. In other words we require to establish the relations between our social groups and social classes.

We are conceiving of classes as unions (in the sense of set theory) of certain social groups. Two social groups may be regarded as belonging to the same class if the long term economic and political interests of the two groups are not incompatible, if there exists a real basis for co-operation between these groups so that the members of the two groups may take common stands against other social groups under varying economic conjunctures. The identity of actions of such social groups is given rise to by the similarity of contradictions experienced by the members of these groups vis-a-vis other social groups.

This does not imply that the conflicts between groups belonging to the same class are non-existent. But these conflicts are always secondary to their common contradictions differentiating them from other social groups.

We must, however, distinguish between contradictions that demarcate two social groups and contradictions that demarcate two social classes. The distinction is both of a quantitative and qualitative nature. Firstly, class contradictions are much more stable and comprehensive. Secondly, and which is most important, contradictions

between any two classes cannot be resolved without a fundamental reorientation of the structure of production organisation while contradictions between two social groups belonging to same class can be resolved without necessitating any such fundamental restructuring of the society. In other words, within a given mode of production, contradictions between two social groups may emerge and get resolved but the emergence and resolution of contradictions among social classes is organically linked with the rise and decline of a mode of production.

Unlike social groups, classes do not constitute an exhaustive classification of economic agents. There will always exist groups which do not belong to any class. This would happen if the contradictions between one social group with others be of such a diffused nature that no stable and determinate pattern could be discerned in them.

When we consider class as a union of certain social groups, we only refer to the objective potential of the members of that union taking similar positions vis-a-vis other groups and classes in social struggles. The union considered here is thus a passive one, a conceptual construction but not a social reality. Such a union of groups may be recognised to be what Marx called "class-in-itself".

When these groups, however, strive consciously to achieve this unity in practice, when, overcoming their narrow group interests, the members of groups belonging to same 'class-in-itself' take up uniform positions vis-a-vis other such classes in social struggles, we get what Marx called a "class-for-itself".

In the next few pages, we shall demarcate the collections defined by unions of social groups which can be identified as social classes or strata. Whether these collections can indeed be viewed as classes is a question that can be answered only when we have studied the contradictions that characterize their intra and interrelations. We shall study in detail these contradictions for some of these suggested classes in the later chapters.

Section II

The Bourgeoisie and the petty Bourgeoisie

The Bourgeoisie

By Marx's definition, a capitalist is the human embodiment of one end of a social relation which has been called 'capital'. Capital represents a "sum of exchange values" which becomes capital only by "maintaining and multiplying itself".^{1/} This process of multiplication occurs when it is exchanged for direct hiring of labour power which produces value and what is more, surplus value for capital.

This definition as it stands, identifies capitalists with industrial employers.^{2/} And not all employers, but only those who not only reproduce their capital but reproduce on an expanded scale. This criterion of accumulation on an expanding scale is meant to exclude from the ranks of the bourgeoisie, the petty capitalists who has little or no scope for accumulation on a significant scale.

When Marx equates 'capital' with exchange values in its direct antagonistic relation with labour power, his aim is to bring into sharp focus the inner essence of capitalist production relations. Marx then considers only "the direct process of the production of capital whose compelling motive is the production of surplus value",^{3/} But the process of reproduction of capital in general i.e. the social capital, "comprises this direct process of production as well as the two phase of the circulation proper"^{4/} - the two phases of circulation being the circulation of commodities and circulation of surplus value in its monetary form. These two phases are respectively areas of operation of merchant capital. And every, "individual capital forms, but an individualised fraction of the aggregate social capital, just as every individual capitalist is but an individual element of the capitalist class".^{5/}

In our classification scheme, in terms of first attribute, the bourgeoisie is located mostly within the core and ancillary activities. In India, commodity production of any significant scale is absent in other sectors of activities and hence no significant section of the bourgeoisie will be found in these sectors.^{6/}

By our second attribute the bourgeoisie is characterized by their non-participation in the direct labour process. They are the direct appropriators of surplus value. Their principal role in social division of labour is to organise the process of appropriation of surplus value and accumulation of it, rather than direct production of it, which can be left to the charge of paid employees.

By our third attribute we identify bourgeoisie as employers and effective owners of means of production, Effective ownership is to be understood as implying either direct control over the means of production or direct control over those economic agents who are in direct control over the means of production. The passive owners of shares of large corporate enterprises are thus excluded from this collection.

The fourth attribute specifies the organisational form through which the activities of this class are carried out. Now it has been historically found that corporate form is the best suited form for unlimited accumulation of capital.^{7/} An individual entrepreneur's drive for accumulation is constrained by the amount of capital he individually can command. The corporate form gives an individual entrepreneur or a group of entrepreneurs an unlimited access to the total available capital in a society, without destroying the private nature of control over the process of accumulation. Thus, the most advanced and developed form of capitalist operation is to be found in the corporate sector.

We, therefore, find that the capitalist class consists of two social groups arising out of our classification scheme namely (a) effective owners of capital in the corporate industrial sector and (b) effective owners of capital in the corporate ancillary sector. The question of existence of an agricultural bourgeoisie remains but it lies beyond our scope of discussion. Any way, organisation of agriculture in India being what it is, we may rule out the existence of corporate rural bourgeoisie in India.^{8/}

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There are contradictions between the two above mentioned sections of the capitalist class but their common objective interests may be expected to submerge these contradictions in the face of more fundamental contradictions with other classes and groups. We shall discuss these questions in our chapter on this class.

The Petty Bourgeoisie

We have excluded small owners of capital, operating in the non-corporate sector from the capitalist class, since accumulation of capital in an ever expanding scale, which is a basic characteristic of the bourgeoisie, requires a certain minimum amount of capital and a suitable institutional form (viz. the corporate form) conducive to such an unlimited accumulation. As Marx has written, "not every sum of money or of value, is at pleasure transformable into capital. To effect this transformation, in fact, a certain minimum of money or of exchange-value must be presupposed into the hands of individual possessor of money or commodities".^{9/} This minimum changes with the different stages of development of capitalist production and is at any given stage different for different spheres of production according to their special and technical conditions. Moreover, by and large these small owners of capital also participate in the production process, mostly at the stage of conception and design of labour process. Thus they are partly members of the collective worker, "a hybrid between capitalist and labourers, a small master."^{10/}

The bulk of non corporate manufactures and traders conform to this characterisation of petty capitalists. A section of these non corporate owners of the means of production may command considerable

sume of money capital and are potential entrants into the corporate sector. The boundary between the corporate and non-corporate capitalist sector, however, is not in a flux, since the tempo of capitalist development is not so high in India.^{11/} There exists a relative rigidity in the boundary between the two sectors and the chances are quite low that a capitalist in the non-corporate sector will enter the corporate sector under ordinary circumstances.

So in terms of our four attributes the petty capitalists or the petty bourgeoisie are identified as follows:

(1) They belong principally to the core and ancillary sectors. They are also active in large numbers in the unorganised service sectors operating as owners of small hotels, cinema halls etc. The typical representative of this group is a retail trader.

(2) The small scale manufacturers have substantial control over the labour process in operation within their factories and participate to a large extent in the design and conception stage of the labour process. They very often combine in themselves the functioning of an entrepreneur, a manager and a professional expert. The traders are also actively engaged in the process of selling and purchasing and controlling their employees, if there is any.

(3) In terms of the third attribute, members of this 'class' are owners of the means of production or money capital in general, both nominally and effectively.

(4) They belong by definition to the non-corporate sector.

Section III

The Working Class and the Office workers

The Working Class

There is hardly any consensus in the Marxist literature on the definition of the working class (or on its practical delimitation). E.P. Thomson in his massive study on emergence of the English Working Class, refrained from providing any precise and formal definition of this class. Thompson denied that the working class can be "assumed to have a real existence which can be defined almost mathematically so many men who stand in a certain relation with the means of production".^{12/} Harry Braverman, in his book 'Labour and Monopoly Capital' similarly stated that the term 'Working Class' never precisely delineated a specific body of people" but it was merely an "expression for an ongoing social process".^{13/}

This view according to our understanding suffers from two kinds of error. Firstly the concept of class involves a concept of collection or set which must have a membership criterion.

Secondly, it is not true that elements describing a social process are beyond categorisation. The link between the phenomenon of class as a social process and class as a set of individuals defined by a number of relations is an important question which cannot be solved by merely wishing it away.

The problem in fact lies elsewhere. As Braverman himself agrees, the classical marxist definition of working class in a capitalist mode of production, as the class of wage earners i.e. free sellers

of labour power includes social groups of the most diverse types and hence is totally unsuited to be treated as a single class. A strict adherence to such a definition leads to some obvious inconsistencies. For example, according to a soviet author, "the office and trade workers as well as the engineers and technicians, like the workers, do not as a rule own the means of production, (and) they should in accordance with this basic token be included in the working class".^{14/} But immediately the author qualifies his statement by saying - "when we speak about salaried worker we have in mind, naturally (sic!) the lower paid most numerous sections of the millions of 'white collared' workers oppressed by the monopolies. It should be absurd to equate with the working class or to speak about the proletarian status of the managers, directors, engineers vested with administrative power and other top working personnel of the private and state owned enterprises".^{15/} The author further states that "even these salaried workers whose economic conditions coincide in the main with those of the proletariat cannot be mechanically fused with industrial workers".^{16/} It is also recognised that there exists a "vital difference between (these salaried workers) and manual workers (in) that not an insignificant part of the salaried workers; in addition to being exploited by the bourgeoisie, objectively serve as an instrument of exploitation of the working class".^{17/} In other words, the author agrees that there are significant contradictions between these two types of wage earners and hence cannot be put in the same class.

In the context of developed capitalist countries, there have been attempts to give a more precise definition of the working class. Emphasis, in all such definitions, has been put, quite correctly, on the aspect of internal homogeneity of the class. Among the few important ones, we have chosen to discuss the definition given by Nicos Poulantzas, Guglielmo Carchedi and Erik Ohlin Wright, as representing some recent trends in the Marxist literature.

According to Poulantzas these wages earners in the capitalist mode of production, who perform 'productive labour' constitute the working class. And according to him, in the capitalist mode of production, "labour that produces surplus value while directly reproducing the material elements that serve as the substratum of the relation of exploitation shall be called productive labour".^{18/} He excludes the supervisory staff, engineers and technicians, engaged in material production from ranks of the working class. For this he differentiates the productive labourers who perform mental labour (i.e. act of supervision and management) from those who perform manual labour since "the place they (mental labourers) occupy in the social division of labour are marked by the dominance of the political relations they maintain over the aspect of productive labour in the division of labour. Their principal function is that of extracting surplus value from the workers - 'collecting it'".^{19/} Carchedi does not make any equation of productive labourers as understood by Poulantzas with the working class. He uses the concept of 'function of collective workers' to identify the members of the working class among the mass of wage earners. The term 'collective worker' refers

to the body of workers who together carry out the labour process within a producing unit. And this combination of workers includes all those who put socially necessary labour in any production process. According to Carchedi, any one who performs the function of collective worker in any production process should be included in the working class, provided he has no significant part in the 'global function of capital'.^{20/}

Unlike Poulantzas, Carchedi does not take 'producer of Surplus value' as a criterion of membership of the working class. He uses the term 'economic oppression' to describe the relation of exploitation between an unproductive worker and his capitalist employer since the employment of unproductive workers enable to reduce the cost of operations for the capitalist employing such labour and thus enabling such a capitalist to obtain a share of the total surplus produced by the productive labourers.^{21/}

Braverman has argued that the working class has to be defined not by its formal relation with the means of production [i.e. working class identified with non owners of means of production and free sellers of labour power] but by the substantive relation which takes into account the nature of control over the means of production. Braverman has traced the history of labour process under the capitalist mode of production and found that there has occurred a progressive separation of the conception phase of production from the phase of execution. The capitalist control over labour process becomes effective only through capitalist's control over the first phase.

The working class thus has no participation in the first phase at all, all of it being confined in the second phase of the labour process only.^{22/}

The differences between these approaches are due to the absence of an explicit consideration of the contradictions between different categories of sellers of labour power. As a result, all the definitions seem arbitrary and result in the inclusion of groups of workers having significant contradictions between them.

We define the working class as the union of those social groups actively participating in the production process who have direct, explicit and fundamental contradictions with the bourgeoisie as defined above. There remains other social groups of labouring people whom we may call 'working masses'. In social practice also this distinction has been taken note of by leaders of the working class. For example, Lenin wrote - "The assumption that all 'toilers' are equally capable of doing this work (revolutionary struggles and leadership) would be an empty phrase, or the illusions of an ante-diluvian, pre-marxist socialist. Only the proletariat by virtue of the economic role it plays in large scale production, is capable of acting as the leader of all toiling and exploited masses, whom the bourgeoisie exploits, oppresses it and crushes it not less and often more, than it does the proletarians but who are incapable of independent struggles for their emancipation".^{23/}

In our scheme of classification by four attributes the working class is therefore identified in the following way. As in the case

of the bourgeoisie the working class also will be located in the two activities, namely Core and Ancillary. Since the working class can be identified only in opposition to the bourgeoisie, the labouring people in all other activities are not included in the working class.

By our second attribute the working class is characterized by their direct participation in labour process, involving manual labour. Both skilled and unskilled manual labourers are included in the working class. The supervisory workers whose work involves substantial amount of mental labour in conceiving, planning and controlling the labour process at the lowest level are excluded from the ranks of the working class.

We characterise the working class as non owners of means of production by our third attribute. Further, members of this class exercise no control over the means of production. Of course not all non owners of the means of production are members of the working class since not all of them possess the characteristics specified by the previous two attributes.^{24/}

By our fourth attribute the working class is confined only to the corporate sector, as in the case of the bourgeoisie.

We can conceive of social groups other than those constituting the working class, defined above, which resemble the working class in some important respects. In particular there are a large number of manual labourers working either independently owning little or no capital or as employees in small and medium enterprises belonging to the vast non-corporate sector in India. Exclusion of these

workers from the ranks of the working class does not mean that they do not have contradictions with the bourgeoisie. Especially in India, where the causes for the continued existence of direct producers with a formally independent status are structural, where the capitalist system itself for its own purpose creates a pool of marginalised workers with no formal relations with the capitalist sector, it is all the more necessary to study the relations of these working people with the working class, to study the contradictions which separates these working people from the working class. We shall do these studies in the chapter on the working class.

Non Manual Workers in the 'Corporate Sector'

One of the distinctive feature in our identifications of the working class has been the direct participation of its members in the production process. The concrete form of labour performed by the members of the working class is thus manual labour of different kinds. Those who are engaged in performing mental labour, and whose principal functions are related to the conceiving and designing of production processes are thus excluded from the working class.

But there exists another category of workers who are different from both the types described above. We are referring here to the clerical workers. A clerk does not produce any exchangeable product but only some paper-work. A clerk may be looked upon as a "specialized", semi skilled office employee who is responsible for the 'processing' of data".^{25/} A clerk's jobs do not involve any transformation of material objects but only mental operation with symbols, words and

numbers which are nothing but concepts. In this sense, a clerk may be looked upon as a mental labourer.

But a clerk only performs some routine operations with these concepts and very little use of the creative aspect of the human intellect i.e. the faculty of reasoning, conceptualising and drawing inference, is called for in clerical occupations. Clerks in a large office are not expected to take any decisions but only to follow written rules. Any discretionary power that is left to them is insignificant when compared to the decision making power of the professionals, managers or bureaucrats.

Before the advent of present day large scale enterprises and large offices associated with them, many of the clerks were, however, semi-managerial employees, working in close collaboration with their employers. According to one author, the clerk "was an honored employee 150 years ago and still so in earlier times. His position was a confidential one, the employer discussed affairs with him and relied on his judgement".^{26/} The clerk was "measurably a professional and undeniably a member of the middle class".^{27/} According to Braverman "in terms of function, authority, pay, tenure of employment, prospects, not to mention status and even dress, the clerks stood much closer to the employer than to factory labour".^{28/}

Marx, however, did not consider such workers as a part of the middle class. According to him the "commercial worker [meaning clerical workers] in the strict sense of the term, belongs to the better paid class of wage workers - to those whose labour is classed

as skilled and stands above average labour".^{29/}

But with the expansion of office works and introduction of 'scientific office management' along with modern office equipments the modern office, in developed countries particularly, came to resemble a factory, where, as Braverman writes - "the productive process of society disappears into a stream of paper, moreover which is processed in a continuous flow like that of the cannery, the meat packing line, the car assembly conveyor by workers organised in much the same way".^{30/} And so Braverman argues, the office workers form a body of "proletariat in a new form".^{31/}

But we do not consider clerical workers in India as part of the working class, chiefly for two reasons. Firstly, in India the clerical labour process still retains its own specificity and does not resemble its counterpart within a factory. Rationalization and routinization of clerical functions, it is true, are being carried out within the corporate sector but have not reached a level comparable to what can be observed in developed countries. Secondly, the clerical functions are not directly related to the process of surplus generation but are related mainly to the process of realisation and distribution of surplus in the context of an exchange economy. The bulk of clerical functions in any enterprise consists of keeping records and tracts of the economic activities taking place within the enterprise. Since clerical functions are not directly linked with the process of surplus generation, employment conditions of the clerks may be expected to be significantly different from those of the production process workers. And therefore the nature of contradictions

between the clerical workers and their employers would be different from those between the production process workers and their employers. For instance, if production is suspended for some reason or other it would mean unemployment and often non-payment of wages for the production process workers. But, clerical functions may still be required in such a situation to record and keep track of the productive activities that have taken place in the past and their services may be retained. Moreover to the extent clerical functions involve monitoring of activities of the direct producers on behalf of the appropriators of surplus, contradictions would exist between the clerks and the direct producers. A 'time clerk' of a factory is a typical example of a clerk occupying such a position.

On the basis of our above discussion, we can characterise the stratum of office workers with the help of our four attributes in the following way:

(i) In terms of the first attribute, office workers may in principle belong to any sector of activities, but they are located principally in civil administration and ancillary activities since the clerical functions constitute the major part of the work process carried in these two sectors.

(ii) Office work can be divided into two parts. The principal one includes accounting, and record keeping, filing, copying, making correspondence, typing etc. The secondary one consists of some necessary manual operations like carrying papers, arranging files, delivering messages etc. the functions that necessarily accompany

the clerical function. A clerical worker carries out the former functions; latter functions, which are light manual jobs, are carried out by the unskilled office workers who are at the bottom of hierarchy in the office. Clerical workers, however, have very little supervisory role to play and do not exercise any real control over the unskilled office workers. Though there are considerable differences in life styles and social status between clerical workers and unskilled office workers, we include them in the same social group since so far as the long term interests of the two groups of office workers are concerned, they converge and we cannot envisage any basic contradiction to exist between them.

(iii) The office workers are by definition employees and do not own means of production neither legally nor effectively.

(iv) We consider the office workers as a category to belong to the corporate sector only. The reason for this is two fold. Firstly, most of the salaried employees are concentrated here. Secondly, office workers in the non corporate sector often function as semi-managerial employees, with clerical and managerial functions entrusted to the same persons. Their remuneration may be well below the remuneration received by their counterparts in the corporate sector, but the personal relation that gets established between a non-corporate employer and his clerical employees prevents them from developing class links with their counterparts in the corporate sector.^{32/}

The bourgeoisie and the working class are two principal social groups which are generally recognised as classes and contradictions

between these two classes are taken as the most decisive determinant of the dynamics of the capitalist system. The petty bourgeoisie and the office workers resemble these two respective classes in some respects and may be said to lie at the peripheries of these two classes. There are, however, other social groups (which may be again union of certain social groups as defined by us), which have relatively stable homogeneity within the group and definite contradictions separating them from other social groups. Whether such social groups can be viewed as classes is an open question and can be answered only when we have analysed the contradictions differentiating them from other social groups. In the following section we identify and characterise three such social groups namely, the professionals, the managers and the civil bureaucracy, suspending for the moment our judgement about their class status.

Section IV

Three important Social Groups

The Professionals

In the western sociological tradition a profession is generally understood to be a life time vocation, requiring skill, knowledge and formal training.^{33/} In the census occupational classification a separate division of 'professional technical and related workers' is found. The workers in this division, by definition "conduct research and apply in a professional capacity scientific knowledge and method to a variety of technological and governmental problems, carry out

technical skills ancillary to scientific research development and practices".^{34/} The emphasis of such a definition is clearly on the possession of 'scientific knowledge and methods'. We have similar definitions by various sociologists like Talcott Parsons, Alexander Corr Sainders, H.D.Evers etc..^{35/} They all emphasise the requirements of "formal training" and "specialised knowledge and skills" for any occupation to be called a profession.

But such definitions refer to only some of the professional groups who can be clearly distinguished by their social practice, life styles etc. If we are to place these groups in relation to social classes, we need to specify their role and position in the social system of production. We can do this by looking at them, from the point of view of our four attributes.

By professionals we shall mean those skilled mental labourers whose job is to provide expertise and knowledge required for functioning of any economic activity. Since requirement of technical expertise is common to all types of activity, the professionals are expected to be engaged in every kind of activity. However, bulk of the professionals are generally engaged in a few service rendering activities - the services of which consist in delivering specialised knowledge or expertise (viz.doctors, lawyers, artistes, priests etc.).

The most important attribute for characterising the professionals is the second attribute specifying the role in the division of labour. In terms of this attribute the professionals are skilled mental labourers. A professional is a mental labourer not in the sense

that he works only with his brain but in the sense that he participates in the conception stage of the labour process and his job requires an element of intellectual creativity. There are of course, considerable variations in the degree of participation in the conception stage of the labour process among the professionals. But they all distinguish themselves from the skilled workers who have to work according to some pre-conceived designs and well formulated rules of the work process. Professionals, when working in a complex economic organisation, however, are the coordinators and organisers of the production process at its technical level. In this sense they are part of what Marx called "collective labourer". Their labour, therefore, forms a necessary part of the co-operative labour process. Expenditure on them constitutes, therefore, a fraction of socially necessary cost of production.

The growth of the number of professionals is directly associated with the rise of complex production processes. The need for professional expertise in a complex production process based on an antagonistic relations between the producers and appropriators of surplus arises due to two reasons. Firstly, the growing complexity of production process makes it impossible for the appropriators themselves to manage and control the production process efficiently. The authority of the appropriators to control the technical side of production process is then delegated to a significant extent to a body of experts, hierarchically organised, who are entrusted with the task of arranging the actual production process. By these means, these experts and technocrats reproduce the social relations of dominance between the direct

producers and appropriators of surplus which role puts them in antagonistic relation vis-a-vis the direct producers. They cannot therefore belong to the working class, even when they are salaried employees of the bourgeoisie.

The need for professionals increases enormously when science comes to play an important role in the production process, when technical-knowhow, research outputs etc. per se become most valuable commodity.

In terms of the third attribute the professionals are mostly non-owners of the means of production and work as employees. But a significant section of them are self employed, owning means of production in small amounts. When a professionally qualified person becomes an employer of large number of employees, his principal social role becomes that of an employer and he ceases to be a professional in the sense of the present categorisation. In other words, the principal source of income of a professional is his own labour, and not any surplus labour extracted from others.

The professional however, is in possession of special kind of scarce resource which is specialist knowledge and technical expertise. What he sells is not unskilled raw labour power but a labour power which has been trained to perform some specialised jobs. This training is not available to all members of the societies but only to a privileged minority. The scarcity of these particular resources is not natural but is largely the artificial creation of a class-divided society.

Professionals are not constrained to operate within any particular form of economic organisation. Hence, in terms of the fourth attribute, they have no specificity. Salaried professionals are located mostly in the corporate sector whereas the self-employed professionals are by definition a part of the non-corporate sector.

Managers

Management of production in the form of coordination and supervision becomes a distinct occupation only at a certain stage of economic development. The process of separation of direct producers from the means of production creates the social necessity of a category of persons who have to carry out the functions of coordinating and supervising the overall activities of an economic enterprise. In the early phase of industrial development these functions were carried out by the owners of the means of production themselves and managers as a distinct social category were non-existent.^{36/}

But the scale of operation of the average firm grew enormously with time. Introduction of the joint stock company with limited liabilities removed the constraints on accumulation and expansion, imposed by the amount of personal wealth and individual capacities. There could no longer remain any direct correspondence between the function of an enterprise and its legal owners.

Managers according to James Burnham are "those who already for the most part are actually managing on its technical side the actual process of production".^{37/} And he 'distinguishes "managers" from those, whom he called 'finance executives' who have the function

of guiding the company towards a profit".^{38/} This is the exact opposite of our idea of managers. It is professionals in our scheme who are entrusted with the task of managing the technical side of production.

According to the companies Act of 1956 of India a Manager is "an individual who, subject to the superintendence of a board of directors, control and direct the whole or substantially the whole of the affairs of a company."^{39/} This definition is too restrictive and applicable only to a few of the top executives. However this definition brings out one aspect of managerial function correctly that managers are concerned with the overall business problem of an enterprise and not only with the technical aspects.

In a large corporate firm, these managerial functions, are carried out as a complex process, "exactly analogous to the process of production, although it produces no product other than the operation and co-ordination of the corporation".^{40/} Like production process, the process of management becomes amenable to further division of labour. There evolves a hierarchy of managerial roles and this creates a hierarchy of managers "graded according to their authority, to initiate tasks, to plan and execute their own work and freely to plan and order the work for others".^{41/} The various levels of manager are entrusted with decision making powers of different degrees. Only the thin upper layer of management staff is empowered to take over all decisions and guide the investment activities of the firm.

In the light of above, we can specify the defining characteristics of managers in terms of our four attributes, as follows:

The function of management is a necessity in all types of economic activity. So in terms of the first attribute, managers can be located in all types of activity. But, only in a large scale organisations do managers as a distinct category of persons appear. In smaller enterprises we may find employees bearing the designation of managers, but essentially they are nothing more than confidential assistants to their employer, without any authority to initiate any tasks or to take any independent decisions. Hence they are not to be taken together with managers of large scale enterprises. Since in India, large scale enterprises are located mainly in the core and ancillary, managers also are mostly located in these two activities.

The essence of managerial function is control of the overall operations of an enterprise, which again boils down to the control of persons. Managers thus occupy the highest hierarchical position among all the paid employees of an enterprise. Managers obviously do not perform any manual labour and their labour consists only of taking decisions and seeing it through various stages of implementation. This is the characteristic features of managers according to the second attribute.

Managers are not required to have any legal ownership of the means of production but very often they possess economic ownership of the means of production. In other words they are sometimes the real controllers of the means of production, without any juridical ownership title. Managers are always paid employees but their contractual relationship with their employers are of completely different nature from that of other salaried employees and wage earners.^{42/} The very

fact an important component of managerial remuneration is frequently a commission on or a share of profit indicates the special relationship that exists between managers and the legal appropriators of surplus.

By the fourth attribute, managers are located mostly in the corporate enterprises, as large scale enterprises mostly belong to the corporate sectors.

The Bureaucracy

The term bureaucracy has been used with different connotations in the sociological literature. Very often the term is used to signify a particular mode of functioning for any social organisation. Bureaucracy is then defined as a "hierarchically stratified managerial employment system in which people are employed to work for a wage or salary."^{43/} Individual bureaucrats are then human elements of a bureaucratic system. The process of bureaucratization may occur in every sphere of collective activity and a very general definition according to this view is "the means of carrying "community action" over into a rationally ordered 'social actions'".^{44/}

This 'rationality' or 'impersonal mode of functioning' aspect of a bureaucratic organisation has been most emphatically stated by Max Weber - "Precision, speed unambiguity, knowledge of the files, continuity, discretion unity, strict subordination, reduction of friction and of material and personal costs"^{45/} - these are the features, according to Weber, that, are "raised to the optimum point in the strictly bureaucratic administration". So Weber write, the "decisive reason for the advance of bureaucratic organization has always

been its purely technical superiority over any other form of organisation".^{46/} According to Weber, the modern state with its bureaucratic system is technically determined by the natural conditions of a modern society. For Weber, the theory of bureaucracy is an integral part of a broader theory, namely the theory of a complex social organisation.

For him, state is nothing but a political organisation, protecting the legal order a society, by the "legitimate use of physical force in the enforcement of its order". Government officials or civil bureaucrats run the affairs of a modern state as any bureaucratic organisation is run by its own administrative staff. According to Weber's notion of class, the Government bureaucrats do not form any class since their fate is not determined by the "chance of using good or services for themselves on the market."^{47/} But they form a status group, who tend to monopolise the 'expert knowledge' of administration which is in great demand in a modern society.

The marxian notion bureaucracy is organically linked with the marxian theory of the state. According to this theory which has been systematically formulated by Lenin, the State "is a product of society at a certain stage of development", when society has been "split into irreconcilable antagonism" between classes.^{48/} Now to keep the fabric of social structure intact, "it became necessary to have a power seemingly by standing above society that would alleviate the conflict and keep it within the bounds of 'order'".^{49/} And this power is the state. The state does not stand independently of the existing relations of production but it is always "the state of the most powerful

economically dominant class, which through the modium of the state, becomes also the politically dominant class, and this acquires new means of holding down and exploiting the oppressed class".^{50/} So the state is an instrument for maintaining the rule of the dominant class. According to Lenin "two institutions most characteristic of this state machine are the bureaucracy and the standing army".^{51/} To sum up the basic features of this theory are

(i) The existence of state presupposes the existence of hostile classes.

(ii) The state is an instrument for domination by the economically dominant class or classes over the dominated classes. There is an organic unity between the dominant social classes and the form of the state. In other words there is no neutral state form.

(iii) The bureaucracy and the army are the two major institutions of the state.

The two theories of Max Weber and Karl Marx differ in their specific articulations but in their identification of the characteristics of bureaucrats, they have much in common. Weber is more explicit and elaborate in specifying the characteristic features of the bureaucrats. Most important among them are:

(i) (Officials) are personally free and subject to an authority only with respect their impersonal official obligation.

(ii) They are organised in a clearly defined hierarchy of offices.

(iii) They are remunerated by fixed salaries in money

(iv) The office is treated as the sole, or at least primary occupation of the incumbent

(v) The official work is strictly separated from the ownership of the means of administration and without appropriation of position. This characterisation of the bureaucrats helps us to identify the bureaucrats in terms of four attributes in the following way:

First attribute - The Government bureaucrats are confined to the activity called public administration. We are thus only considering the civil bureaucrats and excluding other functionaries of the state which resemble civil bureaucracy in important respects. The army is excluded since it is a closely knit social group by itself and is separated from the rest of the society.

Second attribute - The bureaucrats are the executing or implementing authority of the state, though they themselves do not formulate the strategic objectives of the state. In this respect, the bureaucrats have some similarity with the corporate managers. In the day to day functions of the state, the bureaucrats exercise substantial control over their subordinates and are themselves subject to the authority of only the political representatives of the ruling class.

Third attribute - The bureaucrats are employees of the state and as such do not own any means of production. The bureaucrats, however, exercise a good amount of control over the public resources,

including financial resources. The higher echelons of the civil bureaucracy function in close association with the managers of public sector enterprises and often act as managers themselves. From this point of view, section of the bureaucracy may be said to enjoy effective ownership of the means of production.

Fourth attribute - The state is definitely the largest social organisation and belongs as a whole to the corporate sector. The bureaucrats, therefore, work within the corporate sector. The state is, however, organised in a number of tiers, with well defined boundaries, each tier having a specific jurisdiction of its own. The bureaucracy as a social group operates only in the higher level tiers.

Foot Notes to Chapter

- 1/ See Marx: Wage, Labour and Capital in MEGW (op.cit.), Vol.1, p.160-161.
- 2/ Also the capitalist farmers. Since agriculture remains outside our scope of analysis, we are not referring to them here.
- 3/ See Marx: Capital, Vol.2, Progress Publishers, Moscow, 1967, p.355.
- 4/ ibid., p.355.
- 5/ ibid., p.355.
- 6/ This becomes obvious when we see that the bulk of the working force engaged outside core and ancillary are in the unorganised sector and within the organised sector, the public administration and defence is the largest sector.
- 7/ For a discussion of the role of the corporate form of organisation in the development of capitalism see: P.A.Saran & P.M.Sweezy: Monopoly Capital, Penguin Books, 1966.
- 8/ For a discussion of this aspect of Indian Agriculture See: Ashok Rudra: "Organisation of Agriculture for rural development: the Indian case" in the Cambridge Journal of Economics, December 1978, Also see Abhijit Sen (op.cit.).
- 9/ Marx: Capital, Vol.1, p.291.
- 10/ ibid., p.292.

- 11/ For a detailed analysis of the growth rate of the Indian economy and the industrial production in India: See S.L.Shetty: "Structural Retrogression in the Indian Economy since the Mid Sixties", Economic and Political Weekly, Annual Number, February 1978, p.185-214.
- 12/ See E.P.Thompson: The Making of the English Working Class, Harmondsworth, England (Penguin), 1976, p.10.
- 13/ Harry Braverman (op.cit.), p.23.
- 14/ Quoted from A Rumyansted (ed.): Structure of the working class, Peoples Publishing House, Bombay, p.28.
- 15/ ibid., p.93.
- 16/ ibid., p.93.
- 17/ ibid., p.93.
- 18/ Nicos Poulantzas: Classes in Contemporary Capitalism, NLB, 1975, p.216.
- 19/ ibid., p.228.
- 20/ Carchedi (op.cit.), p.69.
- 21/ ibid., p.57.
- 22/ Braverman has identified three cardinal principles of modern management and one of this principle is "separation of conception from execution" - See ibid., p.112-120.
- 23/ Quoted from Lenin: "A Great Beginning" in Collected Works, Progress Publishers, Moscow 1965, p.421.
- 24/ In other words those working outside the core sector, even when they are employed by capital, are thus excluded.
- 25/ Braverman (op.cit.), p.123-124.
- 26/ Lewis Corey: The Crisis of the Middle Class (New York 1935), quoted in Braverman (op.cit.), p.292.

- 27/ *ibid.*, p.292.
- 28/ Braverman (*op.cit.*), p.292-293.
- 29/ Marx: *Capital*, Vol.3, p.300.
- 30/ Braverman (*op.cit.*), p.30.
- 31/ *ibid.*, p.353.
- 32/ For a similar description of a clerk in early industrial enterprises see Braverman (*op.cit.*), p.297-293.
- 33/ See the article on "Profession" by Talcott Parson in the *International Encyclopedeia of Social Sciences* (*op.cit.*).
- 34/ See *National Classification of occupations*, Directorate General of Employment and Training, New Delhi, 1968.
- 35/ For example: Alexander Carr-Saunders & P.A.Wilson: *The Profession* 1964, London.
- 36/ As Sidney Pollard has written "The large-scale entrepreneur of the day began with very limited managerial, clerical or administrative staff: he wrote his own letters, visited his own customers, and belaboured his men with his own walking stick" from *The Genesis of Modern Management*, Cambridge, Mass. 1965, p.198.
- 37/ See James Burnham: *The Managerial Revolution*, p.24.
- 38/ *ibid.*, p.45.
- 39/ Quoted from N.K.Sen Gupta: *The Corporate Management in India*, New Delhi, p.96.
- 40/ Braverman (*op.cit.*), p.267.
- 41/ *ibid.*, p.268.

- 42/ And precisely for this reason, the managerial personnel are not guided by the same kind of laws which are applicable to workers. For the conditions of managerial employment in India, See N.K.Sen Gupta (op.cit.).
- 43/ Quoted from the Article on Bureaucracy by Reinhard Bendix in The International Encyclopedia of the Social Sciences, Macmillan, 1968.
- 44/ Quoted from Max Weber: "Bureaucracy" in From. Max Weber (ed.) by H.H.Gerth & C.W.Mills, Routledge & Kegan Paul, London, 1977, p.228.
- 45/ *ibid.*, p.214.
- 46/ Quoted in Erik Olin Wright (op.cit.), p.184.
- 47/ See the footnote 12 in chapter 1.
- 48/ From Lenin: "State & Revolution" in Collected Works, Vol.25, p.386-388.
- 49/ Quoted from Engels: The Origin of the Family, Private property and the State in MESW, Vol.3, p.326.
- 50/ From Lenin: The State & Revolution (op.cit.)
- 51/ *ibid.*, p.395.

CHAPTER 3

THE BOURGEOISIE

In the previous chapter we have demarcated certain social classes/strata and identified the social groups, as defined by us, constituting these classes or strata. It, however, remains to be discussed the contradictions that exist between these social classes/strata and between different social groups belonging to a single social class. In the present chapter, we are concerned with the Indian bourgeoisie.

Some limitations of our analysis need to be clearly stated at the outset so that no misconception arises about the scope of the present chapter. Firstly, we do not intend to present a political economic analysis of the process of capitalist development or rather of under development in India, although, we agree, that any study of the Indian bourgeoisie would not be complete without it.^{1/} This self-imposed limitation runs throughout our thesis and as such is not specific to the present chapter. We, however, take note of some of the historical features that distinguish Indian bourgeoisie so as to situate our analysis in a proper historical perspective.

Secondly, we do not claim to have made within the confines of a single chapter a comprehensive analysis of all the aspects of the Indian bourgeoisie and no definite conclusions

about the class behaviour of the Indian bourgeoisie are proffered. Our exercise remains more at the methodological level - we treat the class as an illustration of our method of demarcating classes by a set of contradictions.

Thirdly, as decided earlier, we exclude the agrarian bourgeoisie from our scope of analysis.

The following is a brief outline the plan of this chapter. In Section I we take a look of some of the salient features that distinguish the initial process of formation of a capitalist class in India. In Section II, we discuss some of the currently popular approaches to the study of the bourgeoisie of underdeveloped countries and outline our own approach. The questions that can be posed in our methodological framework are also discussed in this section. In Section III & IV contradictions that demarcate the bourgeoisie from the other social groups, and also the contradiction that tend to differentiate the Indian bourgeoisie internally are discussed. In Section V, we present a quantitative account of the Indian bourgeoisie and petty bourgeoisie as well.

Section I

The historical process through which the bourgeoisie emerges in any country and is moulded into a class bears some specificities. Those specificities become manifest at different levels and in different aspects of that process. We shall discuss

specificities in the following four aspects (i) source of initial capital (ii) nature of market (iii) source of technology (iv) other environmental features.

Initial Source of Capital

Three major sources of the initial capital used in financing the Industrial revolution in England have been identified. They were (i) 'artisan' capital i.e. funds accumulated in artisan activities (ii) capital provided by the merchant manufacturers and lastly (iii) the capital made in pure commerce.^{2/}

During the initial periods of the Industrial Revolution, the role of the artisan capital was substantial but, "possibly its importance tended to decrease as technical progress and concentration raised the threshold of entry into factory industry"^{3/} which was not out of reach for many a master craftsmen at that stage of Industrial Revolution.

There is, however, much controversy regarding the relative importance of the three sources of capital in financing of the capitalist development at its various stages. Nevertheless it is generally agreed that 'internal financing' did play a significant role in the initial accumulation of capital for industry. The existence of this process in turn, determined, to a significant extent, the composition of the nascent bourgeoisie. Thus, according to Mantoux, "with the factory system, a new social type came into being. What did this class consist of? It was certainly made of very different elements. Every man who owned some capital, however, small.....

all became cotton spinner".^{4/} Of course, only "a few became successful and made fortunes" - and others swelled the rank of propertyless proletarians.

The specificity of the formative period of the Indian bourgeoisie lies in the insignificance of artisan capital in that process. The role of 'artisan capital' in the initial stage of capital accumulation was negligible. Even the 'merchant-manufactures' did not play any significant part. In India, as Levokorsky has written, there was "no emergence, first of the manufactory and then the factory from small scale production".^{5/} Therefore the "first Indian factories in Bombay were built on capital accumulated through middlemen, trading, usury etc."^{6/} The dominance of the trading castes among early Indian entrepreneurs essentially reflects this feature of Indian capitalist development.

The absence of first two sources of capital (i.e. 'artisan' capital and capital provided by merchant manufacturer) did not result from any interplay of internal economic forces but was caused by extraneous factors of colonial interventions in the Indian economy. It is an established historical fact that whatever urban industrial base India had before the advent of British Colonial power was destroyed either by uninhibited inflow of cheap factory produced goods or by various measures including coercion adopted by a colonial state power or by both.^{7/}

And merchant capital that later laid the foundation of Indian industries, paradoxically enough grew out of the very

process which destroyed the urban industrial base that India possessed in the pre-British era and integrated the Indian economy with the metropolitan economy as a supplier of raw materials and consumer of imported manufactured goods. The export-import trade became the principal area of operation of the Indian mercantile capital.^{8/} This feature of merchant capital in India in turn gave rise to the next two specificities we are going to describe.

Specificity in the nature of Market

The second distinguishing feature of the formative period of the Indian bourgeoisie is related to the nature of market they operated in. This market did not arise as a result of a growing internal division of labour but rather as a result of participation of the Indian economy in the international division of labour in a lopsided manner.^{9/}

In agricultures peasants qua peasants were forced to enter the market nexus by the compulsion of the colonial land-tax and land-settlement policy. The British land settlement policy brought an end to the customary title to land that the peasants were previously entitled to.^{10/} Thus the threat of expropriation from their principal means of production became a potential reality. The destruction of pre-British urban industries meant an increase of pressure on land and thereby reduced the effective bargaining power of the peasants vis-a-vis the appropriators of their produce.^{11/} And thus, peasants could be forced to accept a lower level of living. And finally, the need for cash to pay land revenues, completed the circle, by

drawing the produce of the peasant based economy in the world commodity circuit, through the mediation of merchant capital.

The merchant capital that dealt in the agricultural produces was organised in a complex hierarchical structure. The big merchants operating from urban centres had a large number of intermediaries between them and peasants. For example, we may cite the marketing structure of the jute trade, which was not an exceptional case by any measure. As authors of one study have written - "The functionaries, i.e. pariahs, paikars and beparis (of the first stage), form the first link in the chain of intermediary in the loose jute trade. Many of them belong to the cultivating classes and in addition up trading in jute. They go from village to village, even from door to door, making purchases. They operate individually in many cases using their own capital. The beparis operate with money advanced to them by various buyers or employed by large traders on a commission basis; the merchants are agents of outside buyers, local buyers or sellers. The large buyers like exporting houses or mills are at the apex of the pyramid with immense capital and resources".^{12/} Accumulation of any significant scale could take place only at the higher echelon of this pyramidal structure. These big merchants were separated from the direct producers by a number of intermediaries and had no direct control over the production process as such. The merchant capital therefore assumed a relative independence of the system of production of commodities. In other words it did not exist as one aspect of industrial capital but it existed as the sole form of capital. But this

independence was only one side of the story. As Kay has written "if merchant capital retained its independence in the underdeveloped world, it was no longer allowed to trade solely on its own account but was forced to become the agent of industrial capital. In other words merchant capital in the underdeveloped world both retained and lost its independence. It remained the only form of capital present: but within the world economy as a whole it became an aspect of industrial capital."^{13/}

Specificity in terms of source of technology

The two distinguishing feature of the Indian bourgeoisie described above in turn produced the third feature which is the structural dependence of the Indian bourgeoisie on the metropolitan country for supply of technology. The destruction of the indigenous industrial base as a result of colonial intrusion also eliminated the possibility of emergence of capitalists, from the ranks of artisans, master craftsmen, who could, with their intimate knowledge of production process, provide the necessary entrepreneurship for erecting an industrial sector on the basis of indigenous technology.^{14/}

The merchants, who mainly pioneered the various industries were badly equipped for this task. Furthermore, when the merchants took to building industries, they necessarily went for manufacturing those products which had already got a market in India. Since the foreign manufacturers already had a ready market it was perfectly rational for the Indian capitalists to produce similar goods with imported machinery in India.^{15/}

Socio-political environment

The most crucial element of the social and political environment that affected the Indian bourgeoisie in its formative period was the colonial state. The state has been utilised everywhere "to hasten, hot-house fashion, the process of transformation of the feudal mode of production into the capitalist mode, and to shorten the transition".^{16/} The role of the absolute monarchy in the development of national capitalism in many of the developed countries is well recognised.^{17/} The Indian bourgeoisie however, confronted a colonial state the chief interests of which lay in preserving the imperial order.

One of the most glaring examples of such imperial policies had been the persistent refusal by the colonial state to grant any tariff protection to the indigenous industries from the competitive onslaught of the cheaply produced foreign manufactures.^{18/}

The fiscal and monetary policies of the colonial state also affected adversely the rising Indian bourgeoisie in a very big way. For example, in respect of public debt of the Indian bourgeoisie lacked "one of the most powerful levers of primitive accumulation".^{19/}

For in the colonial India the public debt was largely the sterling debt which acted as a conduit for the flow of British capital to finance various developmental and non-developmental activities of the colonial government.^{20/} Such a lack of national credit system hindered the growth of modern banking system. As a result we find that the early Indian capitalists arose mainly from the trading

castes and communities, because they could have access to the traditional credit net work system within their caste organisations.^{21/}

There were other elements in the socio-political environment that acted upon the emerging Indian bourgeoisie and helped to determine its future shape. For example we may refer to the important roles played by the social value system, caste system etc. in shaping the course of the Indian capitalist development. For some historians like Weber, the role of the value system or social ethos had been of utmost importance in shaping the course of economic development in India.^{22/}

In one respect, the colonial factor had helped the Indian bourgeoisie in its formative years. We are referring here to the absence of any localised power structure (except for the princely states) which had been successfully demolished during the 1857 war.^{23/} This destruction paved the way for integration of the Indian economy into a single whole enabling free flow of trade and commerce within the country.

In this respect, the Indian situation differed from the Chinese one and the contrast shows the advantage the Indian capitalists enjoyed. In China, it was difficult for any native Chinese to start and develop any profit earning enterprise without the sanction and patronage of the imperial bureaucracy. As a result there arose the new type of enterprises, called Kuan-tu Shong-pan (official supervision and merchant management). One study refers to the "close relationship of the Kuan-tu Shong-pan industries to the regional focus of power,

which developed after the Taiping Rebellion" and to "The vulnerability of this modern sector of Chinese economy to official extraction".^{24/} Often this type of enterprises were granted the officially protected monopoly privilege to reap huge profit and thus destroying any other entrepreneurial activity in that field.

In India, however, the uniformity of the colonial legal superstructure throughout the country and its neutrality vis-a-vis native enterprises made it possible for any individual to own property, to make use of it profitably and accumulate wealth. In other worlds, the Indian bourgeoisie did not have to struggle to build up a bourgeois form of state.

Some consequences of the above specificities

The distinguishing features of the formative period of the Indian bourgeoisie, described above produced two major consequences. The first one had been the high degree of concentration in the Indian capitalist sector from a very early stage. In terms of one index of concentration, the Indian organised industrial sector was equally or more concentrated than some of the developed capitalist countries in their comparable periods.^{25/} According to Bettelheim, - "Indian Capital quickly reached a high degree of concentration because only those who possessed large financial resources at the start could exist when faced with competition from foreign capital".^{26/} and also because of 'reduced internal market'. Another reason for this early concentration in the industrial sector could be ascribed to the predominantly

mercantile back ground of the early Indian industrial capitalists since, as Kay has written, "merchant capital tends to centralise and concentrate itself into monopolies even faster than productive capital".^{27/}

The other significant consequence was the structural dependence of the Indian bourgeoisie on the metropolitan capitalist sector for technology, market and to some extent for supply of money capital.^{28/} This dependence resulted from the nature of India's participation in the international division of labour and also from lack of proper indigenous technological basis.

We have now a historical perspective to situate our analysis of the Indian bourgeoisie as a class. For that, to begin with we require a proper theoretical frame-work and put forward the proper questions in that framework. We pass over to that in our next section.

Section II

Class analysis of the bourgeoisie of an underdeveloped country has been undertaken generally from two different approaches. In one approach associated with the names of A.G.Frank, Samir Amin, I.Wallerstein and others the bourgeoisie of a backward nation is treated as a homogenous entity, in fact a part of the world capitalist class, and then the contradictions that differentiate this class from other social classes are studied.^{29/} In the other approach, initiated by the Third International and later adopted by the

Communist parties of the underdeveloped countries notably by the Chinese Party, the differentiation within the bourgeoisie of a backward nation became the primary concern. We need to take more than a cursory look into these approaches for formulating our own one.

Method of Analysis adopted by Gender Frank and others

"In today's underdeveloped countries" A.G. Frank writes, "probably, ownership of the means of production is a better index of the bourgeoisie than it is in the metropolitan countries where corporate control has come to play a relatively greater role".^{30/} Therefore, Frank argues, "the capitalist productive organisation in the underdeveloped countries relegates owners of large scale land, domestic trade, international commerce, industry, finance all together to the Bourgeoisie".^{31/} Furthermore, "there are no conflicts of interest between these any more than one can deny that there are such conflicts between say, capitalists in the United States and in Germany or anywhere else".^{32/} And finally, "by virtue of their relation in the productive process to the proletariat, these capitalists in one underdeveloped country are allied to analogous ones elsewhere and to the bourgeoisie in the remainder of the periphery and in the metropole".^{33/}

The element of oversimplification implicit in the above wide-ranging conclusion is in fact rooted in the way Frank and other writers of the so-called 'Dependency School' conceive the peripheral economies as such. The peripheral economies in their view,

are organically linked with the metropolitan economy, and together they form a single 'world capitalist system'.^{34/} As Frank himself writes "underdevelopment as we know it today, and economic development as well, are the simultaneous and related products of the development on a world-wide scale and over a history of more than four centuries at least of a single integrated economic system: capitalism".^{35/}

Therefore, the particularity of the peripheral economies, the role of internal classes, many of which are associated with pre-capitalist organisations of production are not taken note of in such a conceptualisation of the peripheral economies. And what is more important, the unity of the peripheral economies with the capitalist economy of the developed countries (i.e. centre), the integration with the so-called 'world capitalist system' has been considered mainly at the level of exchange. In other words, a world network of commodity exchange has been taken for a world production system which is only gradually taking shape since there still exists severe disjunctions between the national economies and also within a national economy (for many countries).^{36/}

A more fundamental criticism of this approach has been made by Giovanni Arrighi in his letter to Frank, where he has observed, "[In this approach] the analysis of the internal structure is always subordinated to the that of the external conditions..... Explanations of the development of things are not first of all looked for in their internal structure and contradictions, analysing, once these have

been identified, their dialectical interaction with external conditions..... Instead external determination both phenomena - internal structures and contradictions"^{37/} are looked for. In fact, the way Frank analyses the bourgeoisie of an under-developed country, the class character of such a bourgeoisie ceases to be a problematique and is practically subsumed under a very general definition of a world capitalist class.

The alternative approach

The essence of the alternative approach lies in the study of "the dynamics of the dependent societies as the dialectical unity of internal and external forces".^{38/} This alternative approach, however, defines a very broad spectrum of particular methodologies,^{39/} The only common denominator in them is that "the relationship between external and internal forces" is conceived in them "as forming a complex whole those structural links are not based on mere external forms of exploitation and coercion, but are rooted in coincidences of interests between local dominant classes and international ones".^{40/}

The local classes in third world countries are not seen in this type of analysis as mere externalisation of the relations obtained between classes in metropolitan countries but they are looked upon as classes with their own class interests. Whichever way these classes may interact with the metropolitan classes must be, therefore, analysed in terms of their respective class interests.

And in respect of the bourgeoisie this line of analysis enables us to pose the question of differentiation of the bourgeoisie in a backward nation.

Differentiation of the Bourgeoisie in the Underdeveloped countries: Why?

The question of the differentiation of the bourgeoisie in colonial and semi-colonial countries was first explicitly formulated by the Third International in its colonial thesis.^{41/} Later Mao-Tse-Tung and the Chinese Communist Party under his leadership made this idea of a differentiated bourgeoisie a pivotal element in their political strategy. Mao differentiated the Chinese bourgeoisie into two sections with pronounced contradictions between the members of these two sections. These two sections were the comprador big bourgeoisie and the national bourgeoisie which was by implication medium and small.

In the context of the Chinese society Mao's definitions of these two sections of the chinese bourgeoisie aptly brought out the essential features of some real categories. As for example, the term comprador was a socially understood real category of economic agents and Mao's definition only reveals the essence of their relationship with foreign capital and other chinese classes. In other words, the categories Mao developed to differentiate the chinese bourgeoisie was very much rooted in the chinese social reality and an uncritical acceptance of these categories for analysing the bourgeoisie in a different country would be prima facie unacceptable.^{42/}

The general observation that can be, however, made from Mao's writings is that any theory of differentiation of the bourgeoisie in a peripheral economy must be based on an analysis of the relationships that exist between the local bourgeoisie and the metropolitan bourgeoisie and also between the local bourgeoisie and the dominant classes in the pre capitalist sectors. The simultaneous existence of these two factors - one external which is the presence of a very developed capitalist classes as alien forces, and one internal which is the extensive prevalence of precapitalist social and economic institutions and social classes associated with them - generates the structural differentiation within such a bourgeoisie.^{43/}

No such structural differentiation however, occurred in the case of the bourgeoisie in developed countries. During the process of their coalescence into a social class, the capitalists in the developed countries has to struggle hard against the classes that were dominant in the pre-capitalist modes of production. The rising industrial capitalist even had to struggle against the monopoly merchants of the mercantilist period who were not associated with any radically new mode of production.^{44/}

But when the capitalist mode of production had become all pervasive and the dominant one, the intra bourgeoisie contradictions were overshadowed by the more fundamental contradiction between the working class and the bourgeoisie. Since the ultimate source of profit lies in surplus value (i.e. unpaid surplus labour) all categories of capitalists, large or small, industrial or mercantile,

have to close their rank against any assault on their very basis of existence i.e. profit. The competitive struggle among the capitalists thus becomes secondary. In times of crisis, however, when the excess capacity surfaces in many branches of industry, the struggle for survival within the capitalist class may become fierce. And the typical capitalist business cycle of accumulation - concentration-crisis-centralization of capital occurs, with the elimination of unsuccessful firms by the successful ones through merger, take-over etc. The recurrence of this cycle leads to a qualitative transformation in the structure of capitalism itself. The capitalist sector gets divided into two parts - one part consisting of the oligopolistic large firms and the consisting of smaller, so-called 'normal profit firms'.^{45/} The basis of this division, according to Steindl, is the differential cost structure and hence profitability between the two sectors.^{46/}

It is possible to point out many more such features distinguishing these two sectors but one point that needs to be elaborated is that the formation of large oligopolistic firms, which are now expanding their areas of operation to every corner of the world, has been a natural outcome of the struggle between competitive firms and also of free operation of the market forces.

But things are quite different in the context of an underdeveloped country like India. Here, as we have already argued, the highly concentrated nature of the capitalist sector did not result from any free play of market forces as such. Rather this could be

seen as a result of many other factors like, the dominance of foreign capital, policies of colonial power, small size of the market etc. etc. In other words, the monopoly and non-monopoly capital, if these categories exist, would be related in a different way in a country like India.

It is necessary, to put a note of caution at this point. Whether there exists any differentiation within the Indian bourgeoisie is the issue at hand and we need not prejudge it. To settle this issue we must study the contradiction that may exist between various sections of the bourgeoisie. What we have discussed above is only to point out the reasons for considering this question of differentiation as a relevant one.

Two sections of the Indian Bourgeoisie

Before we discuss the contradictions between different sections of the Indian bourgeoisie, we have to identify, on a priori grounds, the sections of the bourgeoisie that we are going to discuss. In our framework of classification of economically active part of the population based on four co-ordinates, we have identified the bourgeoisie as consisting of two smaller social groups which are the corporate industrial bourgeoisie and the corporate bourgeoisie active in the ancillary sector. The line of division has been drawn along the spheres of operation of the individual capitalists. We have justified this line of division within the bourgeoisie by arguing that substantial contradictions may be expected to be present between these two social groups. We should now add that

our argument would be valid in a situation when the capital functioning in these two sectors are largely independent of each other. And such a situation might exist when merchant capital to a large extent deals in goods produced in pre-capitalist sectors. In India there are very big traders dealing in agricultural commodities and other purely financial operators, speculators etc. who may be said to be functioning relatively independently of the process by which productive capital is produced and reproduced. In India this section is not an insignificant part of the bourgeoisie, in terms of social and political power its members wield. Important though this section of the bourgeoisie is, there exists very little quantitative or qualitative information about it.^{47/}

Furthermore for an individual capitalist there exists hardly any rigid chinese wall between different spheres of operation and interpenetration between productive capital and purely commercial and financial capital is a fairly common phenomenon. From a class point of view, what is important is how capital is organised and how the control over the accumulation process is being exercised. In India the decision making centre for big capital is not located within the firm but within the family based business houses.^{48/} For a particular business house, the total capital is allocated into various activities and what is sought to be maximised is the total profit accruing to a house and not the profit of an individual firm belonging to the house. Therefore, our primary units of analysis are these family based business houses. We stratify them, into two sections- namely, nonopoly big business houses and the rest consisting of

medium and small business houses and study the contradictions between these two sections of the bourgeoisie. Let us clarify the concept of 'business houses' and 'monopoly business houses' that have been used in the context of India, in a greater detail.

Business houses and Monopoly houses: The term 'business house' essentially refers to a conglomerate of corporate enterprises under the control of a unified management. A business house, or equivalently a corporate group, according to Hazari, "consists of firms which are subject to the decision making power of common authority",^{49/} the decision variables being "prices and profits, investments, production, purchase and sales, employment and labour".^{50/}

As a business organisation, a business house has two essential features. Firstly, a business house draws its entrepreneurial inputs from a group of closely related families instead of from an individual entrepreneur.

Secondly, a business house, in its organisational practice resembles an investment cum financial firm more closely than a purely industrial firm. There is common pooling of capital at the group level and investment is made in different branches of industry according to its impact on overall profitability.

Nathaniel H. Leff has very aptly summarised the activities of a group in the context of Latin American economy in the following words and it can be readily seen that they are entirely applicable to the Indian business houses as well:

"Somewhat like the Zaibatsu in pre-world War II Japan, the group invests and produces in several product markets rather than in a single product line. These product markets may be quite diverse, ranging, for example from consumer durables to chemicals to steel rolling. These activities have sometimes been selected on the basis of forward or backward integration. In other cases, new investments have been made in product markets which are unrelated but in activities where the group's technical and managerial capabilities are applicable as inputs".^{51/}

In fact, such group pattern of business organisation is common to underdeveloped countries and can be "understood as a microeconomic response to well known conditions of market failure in the less developed countries."^{52/}

Among these corporate groups, a few have been termed by R.K. Hazari and subsequently in various official documents as Large Business Houses or Monopoly Houses. Only houses having assets above some arbitrarily decided level have been so classified. So the only difference between the monopoly houses and non monopoly houses, by this definition, would be a quantitative one of size.

If we go by a text-book definition, a monopoly firm would be one which is a single seller of a definite product.^{53/} The analytical utility of such a definition is clearly not much, for our purpose. The essential point here is a firm's ability to influence the product market prices. The point of departure for this notion of monopoly is market. Such a notion of monopoly might be useful

for analysing monopoly pricing policy and related aspects of a firm's behaviour in market. But when we want to understand the monopoly bourgeoisie as a social group, we must consider the phenomenon of monopoly in its totality and not with respect of product market alone.

Hazari and others, therefore, have taken the size of total capital commanded by a business house to be a surer indicator of its overall power in the economy. But size per se cannot be taken to be a distinguishing feature of the monopoly houses. We must look for some qualitative aspects distinguishing the monopoly houses from others and obviously these aspects would appear only after the productive assets of a business house has attained a certain minimum size.

We can point out three such qualitative aspects.

- (a) Spatial Diversity: In terms of location of industries and market for the products, the monopoly houses have a national character. In other words, the domain of operation of monopoly houses is the national economy and not a regional one.^{54/}
- (b) Industrial diversity: Industrial activities of a monopoly house are not confined to any particular industry, but are spread over a number of industries including trade, leading to forward and backward linkages. The table 4 I gives the industrial distribution of turnover of some important business houses. It can be seen that large business houses generally operate in more than one industry groups and the two largest houses, namely Tatas and Birlas have the widest diversification of interests.

(c) Financial Linkages: The monopoly houses have easy access to capital market in general, through their control and ownership links with various banking and insurance companies. A number of important banks have been identified to be under the control of one or more monopoly houses.^{55/}

We have till now talked of two sections of the Indian bourgeoisie, namely the monopoly houses and non monopoly other business houses. There is a third bourgeois interest group operating in India. This is the imperialist bourgeoisie, represented by foreign capital in India. We can think of three broad hypotheses about the nature of relationships between these three groups, and the contradictions arising thereof.

Three broad hypotheses

The first hypothesis may be stated in the following words:

There is a coincidence of interests of and a non-antagonistic relation between the Indian monopoly houses and foreign capital. The non monopoly Indian houses are directly threatened and dominated by this alliance between the international and local monopolies.^{56/}

Following Merhav, it is possible to describe the mechanism of establishing such an alliance in the following way:

Let us assume that the market for the industrial products is so restricted that any particular group of related products can be supplied by a very few plants of large size with imported capital intensive technology. Even this smaller demand structure for a specific group of products may be further fragmented due to the

product differentiation that is made possible by the demonstration effect of consumers' taste in the advanced countries. Now if we further assume that the economy is "characterized by a structural incapacity to produce the capital goods required for growth"^{57/} this technological dependence then leads "to the emergence of a monopolistic structure because the scales of output that must be adopted to introduce modern method of production are large relative to the extent of initial market".^{58/} Now the Indian monopoly houses to retain their control over the supply of products enter into collaboration with international monopolies, get access to their most advanced technology and in return shares with them a part of the monopoly rent that accrues to them. The smaller size of the market ensures a high degree of monopoly and high rate of return to make this sharing, advantageous for both the party.

Remembering that international market for most of the industrial products is highly oligopolistic it can be said that the dominant international firms have an interest in helping the Indian monopoly houses to get the advanced technologies, often at credit, since in that way they can both beat the tariff wall and their competitors as well. A conflict may arise if the international firms seeks to invest directly without any collaboration with the local monopoly bourgeoisie. But in the long run that strategy may turn out to be politically suicidal since they would then expose themselves to a constant threat of nationalisation with no local interests to defend them.

The international firms would prefer to collaborate with the local dominant bourgeoisie to any collaboration with the smaller and medium ones since that would ensure (i) a better relationship with the host state in which the local monopolists have a greater control (ii) a well developed marketing network and a pool of competent managerial persons which the local monopoly houses have. The large plants based on imported technology in the monopoly sector and a slowly developing market jointly ensure a constant presence of excess capacity in different industries, which acts as a barrier to new productive investments on the part of non monopoly houses.^{59/}

In the second hypothesis, roles of the monopoly and non monopoly business houses are reversed but the structure of overall dependence on the foreign capital is retained. Since the monopoly houses are better placed in terms of capital and control over the home market, they have, it is postulated, better leverage to choose a suitable collaborator with less stringent conditions for collaboration, shop for the best technology at a minimum price and obtain credit in the international capital market more easily.^{60/} Their desire and capability for attaining technological independence through adaptive innovations is much greater than that of smaller non monopoly houses. The non monopoly houses have diversified to a lesser extent, are much more dependent on a particular project and hence their survival is at stake if some collaboration projects flounder. So they have more subservient relationship to the foreign capital than the monopoly houses have.

Since the individual Indian monopoly houses are pigmies compared to the giant international firms, they use their State to curb the growing influence of the foreign capital to force them enter into collaborations with the monopoly houses at favourable condition to the latter.

According to the third hypothesis, the entire Indian bourgeoisie has been integrated with the world capitalist structure and is fully dependent on the imperialist Bourgeoisie. The scenario is best described in the writings of A.G. Frank, the Chief exponent of this thesis.

"Since the metropolis" Frank writes, "pre empts an increasing share of the most profitable Latin American business and forces the remainder into growing economic difficulties, the Latin American bourgeoisie that lives off this less profitable business is left no choice but to fight - even if vainly - for its survival by increasing the degree of wage and price exploitation of its petty bourgeoisie, workers and peasants and in order to squeeze some additional blood out of that stone,.... For this reason - almost the entire Latin American bourgeoisie is thus thrown into political alliance with - that is in the arms of - the metropolitan bourgeoisie".^{61/}

And finally, the inevitable future of the peripheral bourgeoisie is to become, "associates, partners, bureaucrats, suppliers and clients of mixed foreign-Latin American enterprises and groups."^{62/}

These three hypotheses essentially describe three different structures of relationships (i.e. contradictions or lack of it)

between three dominant interest groups within the capitalist formation (obviously excluding those sections we have not considered i.e. purely mercantile and financial bourgeoisie, the speculators etc.). So, what we require is to study these contradictions to which we pass over in the next section.

Section III

Before we discuss the contradictions that differentiate the monopoly section of the Indian bourgeoisie from the non monopoly section, let us briefly mention the contradictions that separate the bourgeoisie as a whole from other social groups and classes.

Amongst the social groups and classes engendered by the capitalist production relations, the contradictions between the bourgeoisie and those employed by capital especially the working class are too well understood to merit any further discussion here. Suffice it to note here that the capitalist production relations are based on a fundamental opposition between the capitalists who own the means of production and the workers who must sell their labour power to these owners of means of production so that they can earn their livelihood. In this process the workers produce surplus which is expropriated by the capitalists. This relation of exploitation gives rise to a contradiction between the workers and the capitalists - a contradiction which can never be resolved within the capitalist mode of production. Hence this is a class contradiction.

Since, each capitalist has a basic interest in preserving the capitalist production relation based on private ownership of the means of production there exists a basis of unity and cohesion among the capitalists themselves. There exists, however, conflict of interest between capitalists in their incessant drive for accumulation so far as rates of accumulation differ between two capitalists. But this conflict or rather competition between two capitalists is confined to the product or capital market. But in the labour market, all capitalists, the buyers of labour power, stand to gain if they can unite vis-a-vis the sellers of labour power.

We have described above the contradictions existing between the bourgeoisie as a whole and other social groups and classes given rise to by the capitalist production process.

In a situation where the capitalist production structure coexists with a pre-capitalist one a contradiction between the dominant classes in the two structures may be envisaged in so far as the growth of one structure entails contraction of the other one. In more concrete terms, the bourgeoisie would strive to channelise the surplus appropriated by the dominant classes in the precapitalist sector into the capitalist sector for the purpose of accumulation, destroy the subsistence economy and bring the expropriated peasants into the fold of capitalist economy and thus destroy the social and economic power of the dominant classes in the precapitalist sector. The industrial bourgeoisie would also be interested in getting a steady supply of cheap wage labourers from the rural

sector and would thus favour the destruction of the precapitalist mode of labour utilisation in the agrarian economy.^{63/}

If, however for some reasons the capitalist sector grows very slowly, its requirements of labour and also additional surplus from the precapitalist sector for the purpose of accumulation would be much less and the contradictions between the bourgeoisie and the dominant classes in the precapitalist sector would appear much less antagonistic.

Section IV

Contradictions between two sections of the Indian bourgeoisie

The contradiction, between the monopoly Indian bourgeoisie and the non-monopoly Indian bourgeoisie may arise principally due to two broad strategic objectives that the monopoly bourgeoisie may pursue vis-a-vis the non monopoly bourgeoisie.

The first objective is to prevent entry into those areas where monopoly capitalists are interested. The second objective is to squeeze on the existing non monopoly capitalists from the industry where both are operating. The measures adopted by the monopoly bourgeoisie to realise these two objectives give rise to contradictions between the two sections of the bourgeoisie. These contradictions are grouped into four broad types, arising out of -

- (i) Control over technology
- (ii) Product market policies
- (iii) Control over the credit market
- (iv) State policies.

A note of caution must be given here about the discussions that follow. It may later so appear that we have substituted contradictions between the big and small bourgeoisie for the contradictions between the monopoly and non monopoly bourgeoisie. Bigness and smallness obviously refer to a purely quantitative dimension and no social strata or social group can be differentiated with the help of a quantitative characteristic alone, unless obviously a certain level of bigness or size gives rise to some important qualitative characteristic not shared by those below that level.

We have identified the monopoly bourgeoisie by some qualitative aspects and ideally we should have confined our attention only to those factual evidences which signify contradictions between the monopoly bourgeoisie such defined and the non monopoly bourgeoisie. But in the official reports, the major source of our information, all the business houses with capital assets above a certain level, have been classified as monopoly houses. It is not possible to judge definitely, how many of these houses actually possess those qualitative characteristics that we have identified as defining ones for the monopoly bourgeoisie. But, it can be said that there would be not many business groups outside the officially identified big or monopoly houses, which may possess all the above mentioned characteristics. Therefore, with some reservations notwithstanding, contradictions that are being shown to exist between the monopoly or large business houses (by official definition) may reasonably pass for the contradictions between the monopoly bourgeoisie (by our identification) and the non monopoly bourgeoisie.

Control over technology

Technology consists of two components - one may be called the 'hardware of production' which exists in the form of capital goods i.e. machines, tools etc., embodying a specific mechanism of operation. The other one may be called the soft ware of production which includes the knowledge about product process, product designs, process knowhow and also the skill of trained technicians.^{64/}

The control over technology may be exercised through control over the supply of either or both of these two components of technology. In a national economy the monopoly capitalist may take control over these supplies by monopolising the capital goods sector and also taking the R&D activities under its firm grip.

At the time of independence there was hardly any capital goods industry in India^{65/} and industrial research and development activities were almost non existent.^{66/} India had, so to say, no independent technological basis.

The Indian bourgeoisie, in particular the dominant section of it therefore had clearly two options, assuming that they had the potentiality to initiate state policies consistent with their chosen options.^{67/} Either they could go for large scale import of foreign technology or they could muster all the national resources to develop an independent technological basis, importing technologies only to complement that effort.

As it happened, the first option was chosen and as a result there was a large scale import of technology.^{68/} The importance

of technology import can be seen from (i) the import content of the investment in the private corporate sector (ii) the spate of technical and technical cum financial collaboration agreements entered by the Indian firm with foreign firms. Table below presents figures of the import content of the licensed investment in the corporate sector for a few years.

Table 4.1

Share of the import in investment in corporate sector

(in percentages)

Years	Import component of investment (in percentage of total investment in machineries)
1959	74.4
1960	78.3
1961	68.7
1962	59.9
1963	56.8
1964	61.7
1965	63.5
1966 (upto June)	69.2
Total for the period	66.8

Source: R.K.Hazari: Industrial Planning and Licensing Policy, Final Report, Planning Commission, 1967, p.77.

From the following table, it can be also seen that this import of technology was not specific to any particular product group.

Table 4.2Import component of investment in various product groups (period 1959-1966, upto June)

Product Group ^{69/}	Import component of the investment (in percentages)
Consumer Goods	66.0
Other consumer goods	68.0
Chemicals	70.5
Engineering n.c.c.	68.4
Machines and components	67.7
Transport equipments	74.2
Minerals and processing	48.3
Others	63.6

Source: Hazari, Ibid., p.38.

Note: For details see the footnote.

Table 4.3Import component in various size group of investments

Investment Size (in lakhs of rupees)	Import component in the investment (percentage of the total investment in respective sizes)
10	65.7
10 - 24	68.1
25 - 49	68.3
50 - 99	66.5
100 - 499	64.5
500 - 999	69.3
1000 and above	63.4

Source: Hazari, Ibid., p.39.

Thus import of technology was not again restricted to any particular size of investment and was almost invariant with the size of investment.

This liberal import of technology itself when indigenous technology has not taken a viable shape, may act as a barrier for the entry of the non monopoly smaller capitalists into many industrial sectors.

Firstly, the international market for technology is highly oligopolistic and therefore the cost of technology import is high. If the non monopoly capitalists thus cannot afford to pay that high cost, they may also find it difficult and unremunerative to enter an industry on the basis of indigenously available technology since they would face the problem of marketing their product in a market with marked preference for foreign products and also the problem of high cost per unit of product.^{70/}

Secondly, the optimum plant size corresponding to the technology available in developed countries are quite large compared to the Indian market and requires an initial investment of considerable amount.^{71/} This will also act as a barrier for the entry of smaller capitalists.

Furthermore, monopoly capitalists can import technology in a much more planned way. They can properly pre-plan and import technology in required parts and then can suitably adopt it through some R&D activities which they can afford to support. A NCAER study on the import of foreign technology has thus commented - "the large

firms more often propose to import separate bits of technology such as, patents, pre investment services and problem solving services. Small firms tend to import more comprehensive combination of knowledge. The probable explanation is that large firms employ technical staff to supply a good deal of their requirements of technology and go out to buy technology when either their staff or their R&D facilities cannot generate it, while small firms have to rely heavily on purchases of technology".^{72/}

From the above discussion we can conclude that, although the Indian monopoly business houses do not generate the technological inputs into the economy, they effectively control the flow of technology into the economy, from the international market for technology and force the non monopoly houses to severe competition with them in that market.

Contradictions manifest at the level of product market

In the product market the monopoly capitalists and non monopoly capitalists may meet in more than one ways. They may compete with each other in a market for a single product or products which are close substitute of each other. They may encounter each other as buyers or sellers in the market for industrial raw materials and other means of production which are used in their respective production processes. Or the monopoly houses may buy finished products produced by the non monopoly firms and use its wide marketing network to market those products. To the extent, a particular group of the bourgeoisie derives benefit systematically, from the interplay

of these mutual relations to the detriment of another contradictions would crop up between the two groups of the bourgeoisie.

In a product market where competition prevails, price war is the classical instrument for waging a war to squeeze out the smaller less resourceful firms from the market.^{73/} In India we find very few instances where Indian monopoly houses have used this instrument for ousting a smaller firm from a particular product.^{74/}

We can suggest mainly two reasons for it. Firstly, the small size of the market and its further segmentation does not make it a highly profitable strategy for any firm to engage in an all out price war to weed out its smaller rivals. The market is segmented mainly into two parts, in the case of the consumer products.

One segment caters to the needs of the lower and middle income groups families and the other one to the higher income group families.

The products, similar in other respects differ substantially in quality, design and prices between the two markets. The cheaper, standardised and low quality goods are sold in the former market, while quality, high priced and differentiated products are sold in the latter market. The income distribution of India being what

it is, the latter market is much more lucrative from the capitalists' point of view and has been, in fact, expanding much faster in the recent periods.^{75/} So the monopoly bourgeoisie find it more advantageous to leave the former market as a preserve of the smaller capitalists and strive to get monopolistic or oligopolistic control over the latter market. And price competition is not an

important feature of this market. Product differentiations, high pressure advertisement and different sales gimmicks are the most important means that are employed to get control over this market.

There is not much information on the nature and extent of product differentiations prevalent in the Indian market. In the drug industry, to give one example, there are upto 15,000 products, though the number of basic drugs are well below 1000.^{76/} The practice of entering into foreign collaboration to use the internationally reputed brand names on the products has been a common phenomenon in the Indian industries, which indicates the implicit product differentiations that these collaborations entail.^{77/}

High pressure advertising is another well used method to increase market share of the products of a particular firm.^{78/} The monopoly houses, commanding large resources, can outbid their rivals in influencing the consumer's tastes and preferences through large scale advertising in newspapers and other mass media. According to one report, in the first 10 months of 1977, 700 of the smaller companies had given advertisement worth a total of Rs.6 crores. The average expenditure per firm comes out to be rupees 86 thousands per firm. In the same period 180 bigger firms incurred advertisement expenditure of Rs.8.2 crores in all, the average per firm being Rs.4.6 lakhs.^{79/}

The second reason for the absence of price-wars in the Indian market is the highly concentrated nature of the market in

the sense that the most of the targeted consumers are located in a few big cities which are again geographically quite distant from each other.^{80/} In such a situation, it is possible to control the marketing network more easily by the use of various restrictive trade practices and substantial advantage can be derived thereof.^{81/} Some of these restrictive trade practices are (i) appointment of sole selling agents, (ii) appointment of exclusive dealers, (iii) resale price maintenance (iv) full line forcing (v) graded system of discount etc.^{82/} Through these restrictive trade practices, the large business houses can effectively control the wholesale and retail outlets for the industrial products and bar the 'not so resourceful' smaller houses from reaching every part of the market. This ability to control the market that the monopoly houses possess gets reinforced by their ability to extend business credit to the traders and also the bulk consumers.^{83/}

The control over the marketing network that the monopoly houses exercise, enables them either to enter into product lines where they are not allowed to enter because of the government fiat or to expand their operations into areas where they are not allowed to expand. In such cases monopoly business houses get the products produced by the smaller firms and market these products through their own marketing network and with their own brand name. Thereby, the monopoly houses can avoid the necessary investment expenditure but skim off the lion's share of the profit from the sale of those products. To give an example,^{84/} Godrej and Killicks made elaborate production arrangement with the smaller producers

for the manufacture of pressure cookers and other domestic appliances and marketed them under their respective brand names. The monopoly houses in such situations force the smaller firms to enter into agreements whereby smaller firms, "undertake not to manufacture directly or indirectly for sale either direct or indirect through any third party".^{85/}

Another important way by which the monopoly houses can enhance their competitiveness in the market and harm the interest of smaller firms is to vertically integrate the manufacturing of two product lines which have forward or backward linkages. Very often the monopoly houses or the multinationals are the most important manufacturers of raw materials for some products which are produced both in the monopoly and non monopoly sector. The monopoly houses by controlling the supply and increasing the prices of raw materials can effectively squeeze out their smaller rivals from the final product market. Federation of small scale industries' association in India have made a number of allegations against big houses for adopting this method.^{86/} According to one enquiry undertaken by the Monopoly and Restrictive Trade Practices (MRTP) Commission, National Organic Chemicals and Herdilla Chemicals Ltd. belonging to one monopoly house were "acting in concert and caused abnormal increases in the prices of acetone which (were) unrelated to the cost of production of acetone".^{87/} At the same time National Organic was supplying acetone at a through away prices' to Herdilla Chemicals, an associated firm for production of other chemicals and pesticides.^{88/}

Cartels and trusts are the organisational means to achieve and retain monopolistic control over the market and monopoly rents are secured through regulating the supply of products to the market.^{89/} Very few cartels and trusts have been formed in India on a formal basis but there are associations of firms in few industrial products.^{90/} The associations like Indian Jute Mill Association (IJMA) and Indian Sugar Mill Association, often act like cartels and draw up production schedule according to each member's market share. One agreement, to give an example, between IJMA members stipulates a reduction of the production of jute goods by 16% of the installed capacity.^{91/}

There has been also agreements between the large producers to control the supply of the products, to maintain the price level and to share the market among themselves. For example, the tyre manufacturers have entered into an agreement among themselves to maintain at a reasonable level (sic!) the "prices of and profits derived from the production, supply or distribution of goods or from the performance of any service".^{92/} The agreement provided for "joint action whenever any of (them was) threatened".^{93/}

Contradictions due to the control over credit market by the monopoly houses

Credit is one of the most important instrument for capitalist accumulation. Access to a well developed credit market enables an individual capitalist to command a capital base larger than his own capital. In case of a running enterprise, the short term credit always happens to be an important part of the working capital.

We have already seen that one of the important feature of the Indian monopoly houses is their control over the organised banking capital. This close relation between the Indian monopoly houses and the organised banking sector has enabled the monopoly houses to embark on large scale investment programmes and tide over their working capital problems.^{94/} But the non monopoly capitalists who do not have such easy access to the organised banking capital, have to suffer from the paucity of funds in times of crisis and to depend largely either on internally generated funds or on the unorganised credit market where the interest rates are much higher.^{95/} The accompanying table (Table 4 G) based on RBI data on finances of medium and large public Ltd. companies give the debt equity ratio according to the size of net assets. From the table it can be clearly seen that larger companies have a higher debt equity ratio than the smaller ones, indicating that the importance of outside finance in the bigger companies. A study of the balance sheets of the 101 industrial giants in India showed that, as against their paid up capital of Rs.443.34 crores in 1965-66, these companies had borrowed Rs.281.68 crores from the banks and a further sum of Rs.133.55 crores from the financial institutions.^{96/}

In other words, the borrowed capital is as much important for accumulation as the internally accumulated capital for these giants. On the contrary, a RBI survey on the sources of finance for small scale industries has concluded that "own capital" (defined as owners equity plus funds from directors and silent partners) is

by far the most important source of funds for such small companies.^{97/}

According to S.L.Shetty, the large and medium companies cornered 55.7% of the total commercial bank credit extended in 1968, while the small scale sector got a trifle 6.4%.^{98/} Within the RBI sample of large and medium public Limited companies also, we observe that the companies with assets not less than Rs.one crore cornered 98.4, 95.2 and 96.3 percentages of total bank credit advanced to all the companies included in the sample in the years 1966-67, 1967-68 and 1968-69 respectively.^{99/} The practice of advancing credit by the banks only against some assets automatically ensures that the existing larger firms get a higher share in the total credit advanced. This inbuilt discrimination against the smaller firms in the credit policy followed by the banks, continued even after nationalisation of the banks, reinforces the existing concentration of corporate assets in larger firms.^{100/}

State policies as source of contradiction

The last and the most important source of contradictions between the two sections of the bourgeoisie is the state policies which affect the two sections of the bourgeoisie differently. In the post independent India, role of the State in shaping the direction of the economic development has increased enormously. The industrial and other economic policies followed by the State have empowered the state organs with enough discretionary power to discriminate one section of the bourgeoisie against another. If the state is assumed to be a non-neutral and biased in favour

of some social groups and classes, then these policies could be seen to have been adopted in favour of the dominant faction of the bourgeoisie. It remains to be analysed whether such had been really the case.

The state policies can affect the interests of the bourgeoisie at different stages of their operation. Firstly, the state regulates the process of entry into the corporate industrial sector. Secondly, the state policies affect the supply and prices of various factors of production. Thirdly, the state itself is a major consumer of industrial products and can affect the structure of product market. We analyse these state policies in that order below.

State policies as barriers to entry: The principal instrument that the state has devised to regulate the entry into the corporate sector (above a certain level of operation) is the licensing policy.^{101/} The scope for the licensing policy has been extremely wide and this policy can be effectively used to bar any capitalist from entering into any particular area. The operation of the licensing policy can, therefore, become a major source of contradiction between the monopoly and non monopoly bourgeoisie.

The licensing policy Enquiry Committee (LPIC) was constituted to specifically go into such allegations. LPIC report made a detailed study of the licensing practice in India upto June 1966. The methodology they adopted to examine the question of whether large business houses have been unduly favoured by the licensing authority is, however, not entirely satisfactory. They calculated

first the share of the large houses in the total paid up capital of the corporate sector in 1958-59 (as a proxy for the year 1956 when the licensing started). Then the Committee measured the share of the large Houses in the total number of licenses issued, in the amount of proposed investments and in the amount of import of capital goods approved. According to the Committee's calculations,^{102/} the other companies category (Companies which were outside the large industrial sector category) had 45.36% of the total paid up capital in the private corporate sector in 1958-59. While for the period under the review of the Committee, these companies obtained 58.81% of the licenses (number) issued. The share of these companies in the total number of applications rejected was 65.8%, in the total amount of proposed investment on machinery 35.8% and in the total amount of import of capital goods approved 32.4%. The share of 73 large business houses in the paid up capital for 1958-59 was 45.0%. While their share in the number of licenses issued, rejected and in the proposed value of investment on machinery was 32.2%, 30.6% and 55.5% respectively. So by the criterion of the number of licenses issued it cannot be said that the large business houses were unduly favoured. But obviously the number of licenses is a very bad indicator of any favour that might have been shown to any group of business houses and LPIC also acknowledged it. But in terms of the share in the proposed investment on plant and machineries and in the amount of import of capital goods approved, large business houses were definitely

accorded favour. If we look at the figures relating to individual business houses, Birlas were the most favoured one according to the above two indicators. They alone cornered over one seventh of the total equipment imports although they had only one twentieth of the paid up capital in the year 1958-59. Other which received undue shares in the total import of capital goods approved were JK, Kilachand and Sarabhai. Analysing all these data, LPIC come to the following conclusion - "Our studies show that licensing in the earlier years was guided far more by technical than by economic leave alone social considerations. It may, therefore, not be considered surprising that during a large part of the period of our enquiry (1956-66), not only was no attempt made to use licensing to prevent (italics added) the further growth of Larger Industrial Houses, but the process actually worked in their favour. The licensing system worked in such a way as to provide a disproportionate share in the newly licensed capacity to a few concerns belonging to the Large Industrial Sector. The maximum benefit of all this went to a few Larger Houses".^{103/}

LPIC used two indicators to examine whether any undue favour was accorded to any particular group of business houses. Firstly, the share of a given business house in the total amount of proposed investment (i.e. investment proposals that came before licensing authority) was compared with the share of that business house in the total paid up capital in the private corporate sector in a given initial year (1959). If the former share was higher than the later one, it was concluded that the licensing practice has

favoured the particular business house. In the case of the second indicator, the share of a particular business house in the total amount of approved imports of capital goods was compared with the share of that house in the total paid up capital of the private sector in 1959. If the former share turned out to be higher than later, we could say that the particular business house had received undue favour from the licensing authority.

The above two indicators at best may indicate whether the large business houses (LBH's) have received a share in the total licensed investment disproportionate to their initial position in the private corporate sector.

In other words, what can be really concluded from studying the operation of the licensing policy of LIC's methodology is that the licensing practice has not at least prevented the LBH's from growing. This itself is definitely a significant observation in so far as it signifies that the licensing authority has not at least shown any favour disproportionate to their relative position in the private corporate sector. But we are interested in finding out whether the licensing practice has acted as a barrier to entry for the companies outside the large business sector into their chosen industrial sectors. To examine such a hypothesis what we require is a systematic study of rejection of licenses.

In terms of number of rejections alone the LBHs had more than their share in the total number of rejections in the private

corporate sector than which would be commensurate with their share in the total paid up capital of the private corporate sector. The LBHs had applied for 3667 applications out of which 34.9% were rejected. The 'other companies' category had applied for 7133 licenses out of which 38.6% were rejected.^{104/} So the applications of the non monopoly houses were probably little more often rejected than the applications of the monopoly houses. But nothing more definitive can be asserted about this from the available data. The rejection figures for the LBHs is most likely an overestimate since LBHs, according to the LPIC report, have the habit of making simultaneous applications for a single item. Furthermore some of the companies belonging to the 'other companies' category are really dummy companies and they are acquired by the LBHs after they have obtained a licence for some items of which the LBHs would not get any licence due to declared official policies.^{105/}

Licenses have been rejected on many grounds. Some of them are purely technical like faulty application, inadequate design non compliance with different official rules and procedures etc. Some are purely of entry prevention nature like 'item on banned list' etc. Licenses were rejected on such grounds, presumably to prevent the creation of any excess capacity and wastage of social resources. It is not for us to judge the social welfare consequences of such economic policies practiced by the government. What interests us is the fact that such reasons were at all

offered to the smaller business houses for not allowing them entry into their chosen fields. The following table gives the percentage of rejections in three important reasons categories^{106/} for LBHs and 'other companies' category.

Table 4.4

Distribution of rejected application by category of reasons for rejections and also by category of houses

(figures in percentages)

Reasons for rejection	Large Business Houses	Other companies
1. Item on banned list	6.5	4.1
2. No further scope	42.9	46.1
3. No scope in the region	5.8	7.8
4. Sub-total of above (1+2+3)	55.2	58.0
Total no. of rejections	1349	2688

Source: Licensing Policy Enquiry Committee Report, Appendix III.

From the table we can see that three reasons cited above accounted for 55.2% of all reasons for rejections offered to LBHs, the comparable figure for the 'other companies' category being 58.0%. So in percentage term there is no substantial difference in the incidence of these three reason categories in the total, number of reasons for rejection, for the LBHs and 'other companies' group.

But the interesting point is that such a large number of applications by the 'other companies' were rejected on this ground alone. The principal victim of such a policy has obviously been the potential entrants into this oligopolistic structure.

Another way the monopoly houses can prevent the non monopoly ones from entering into a chosen field of activity is by preempting the capacity to be licensed i.e. cornering the most of the capacity to be licensed in the monopoly sector and then leaving licenses unimplemented so that potential entrants are kept out.

There is, however, no firm estimate of the degree of preemption resorted to by the monopoly business houses. Since no industry-wise detailed figures of the capacity licensed for each industrial house and also no estimate for the extent of implementation of these licensed capacities are available, it is not possible to estimate directly the degree of pre-emption prevalent among the monopoly houses. However, some authors have tried to estimate the incidence of pre-emption of licenses among monopoly houses by some indirect methods.^{107/} In one such method,^{108/} the proposed investment or imported machinery contained in the original proposals approved by the licensing authority for that group has been compared with actual amount of capital goods imports applied for and also with the amount finally approved. The idea is that a business house applies for import licenses for importing capital goods when it has finally decided to implement a particular investment proposal licensed for it. So the amount of investment for

imported capital goods which was included in the original proposal but was not later applied for represent the amount of investment unimplemented by the particular investor. With the help of this measure of degree of pre-emption, it has been concluded that, "pre-emption of licensed investment by Indian monopoly is roughly about double i.e. 100 per cent more is licensed than it is possible fully to implement".^{109/}

Apart from pre-empting the investment programme of the smaller houses through non implementation of licenses, the LBs may resort to capacity expansion without a licence and thus acquire a bigger share of the market through back door. Most often this unauthorised expansion of capacity are made legal through ex-post sanctioning of the expanded capacity. LPIC report cites the results of an official survey for the period 1965-67 which detected at least 45 cases where actual 'production has been substantially in excess of the licensed capacity'.^{110/} The survey covered some 50 products or product groups produced in 45 undertakings and could find only 2 instances where actual production was below the capacity authorized. And in the case of 13 products, the actual production exceeded the authorised capacity by as much as 200% of the authorised capacity. Of the 45 undertakings covered, as many as 33 belonged to the Large Industrial Sector, including a few transnationals. Most interestingly, in 10 instances where the excess output was in the order of 100% or more of the authorised capacity, the items were actually on the 'banned list'.^{111/} LPIC report also cites, 12 instances where the

unimplemented part of the licensed capacity was more than 40% while there was simultaneous rejection of new applications on grounds of "banned list and no scope". And the major part, often 100%, of this unimplemented capacity was licensed for the large houses.^{112/} Some of these items like soaps and bicycles were actually reserved for the small scale sector but the declared official policy was flouted to serve the interest of large industrial houses and transnational companies. In many cases, the LBHs got licences in the product lines which were to be reserved for the public sector according to the Industrial Policy Resolution of 1956.^{113/}

Apart from all these, LPIC report cites some concrete cases where licensing authority has used its discretionary power to help an individual monopoly house. To take one extremely interesting case,^{114/} DDT was on the 'banned list' at the beginning of 1966, except for substantial expansion of the existing undertakings. The only existing undertaking at that time was a public sector unit. In April 1966, a MP wrote a letter to the Minister of petroleum and chemical enquiring about the licensing policy for DDT. In September 1966, the item was put on merit list and in the following month a Birla concern applied for a license to manufacture 3000 tonnes of DDT per year. In January 1967, an inter-ministerial meeting considered the Birla application and in March 1967 the licensing committee issued a letter of intent to the Birla undertaking, with a condition that no foreign technical collaboration would be entertained. In April 1967, the company wrote to the

Ministry saying that Hindustan Insecticides, the sole public sector unit manufacturing the same product, was not in a position to provide them with the technical know-how due to its commitment to its foreign collaborator. Technical Enterprises of U.S.A. The Government later approved a collaboration agreement between the Birla concern and the very same foreign company.

LPIC report also cites instances where the licensing policy for a particular product was repeatedly changed, without any reason given, to suit the needs of one or more monopoly houses and transnational forms.^{115/} In a few cases, the de facto official policy has been to grant exclusive monopoly to one or more monopoly houses or transnational, so as to encourage them to enter some technologically intensive areas in a big way. Thus polyester was preserved for the ICI, aluminium and earth moving equipment for the Birlas and so on.^{116/}

All those facts suggest existence of a close working relation between the monopoly houses and transnationals and the licensing authority. The ability of an individual monopoly house to influence the policies of the executive branch of the government in its favour has been clearly revealed in many cases cited above and here lies an important distinction between the monopoly and non monopoly houses.

The LBHs have better access to inside information regarding government's intended policies and can easily grab the lion's share of the capacity to be licensed. Moreover the elaborate procedural wrangles that are generally involved from the stage of applying for a license to the stage of obtaining an import goods license, necessitate

a constant touch with the administrative authority. Liason offices in Delhi where decisions are taken, are to be maintained. Relations with the power to be are to be cultivated, all these require a large amount of resources. Since the smaller houses cannot afford to set aside such large amounts of resources for this kind of purposes, they are always at a disadvantage.^{117/}

So, on the basis of all available information it can be reasonably concluded that licensing policy as practiced has atleast not curbed the economic power of the monopoly houses. Rather, in all probability, it has acted as a barrier for entry for many a smaller houses into their chosen fields.

State as a source of finance: The post independent rapid industrialisation programme launched by the Government of India opened up a wide investment horizon for the private corporate sector. To maintain and consolidate their monopolistic control over the private corporate sector, the monopoly houses had to seize upon the most of the fresh investment opportunities and undertake a massive investment programme. The internal surplus generated within the firms under the control of individual houses was not sufficient to finance an investment programme of such a large scale.

The organised capital market was also not strong enough to finance this expansion of corporate sector. At this stage, Union Government entered the field in a big way to bridge the institutional gap in the capital market.^{118/} Industrial Finance Corporation of India was established in 1948 for granting loans, underwriting

issues of stock, shares, bonds and debentures, guaranteeing loans, deferred payments etc. In 1955, the Industrial Credit and Investment Corporation of India (ICICI) was set up on the recommendation of the IBRD cum American Investment Mission in 1954. ICICI's capital has been entirely subscribed by Indian and foreign private institutions such as banks, insurance companies, development finance institutions and joint stock companies, and individuals. The large houses owned nearly 20 per cent of the ICICI's paid up capital as on 31st December 1956 and 19.6 per cent as on 31st December 1966. Of the original paid up capital of Rs.5 crores, Rs.1.50 crores or 30% was subscribed by foreign institutions and individuals.^{111/} Thus it was primarily a development finance institution organised jointly by foreign and Indian monopoly capital.^{120/} To this institution, Government of India sanctioned an interest free loan of Rs.7.5 crores repayable in 15 equal instalments, commencing after the expiry of 15 years. Government and IDBI granted further loans to these private institutions.

In 1964 Industrial Development Bank of India was set up as a wholly owned subsidiary of Reserve Bank of India, with the main object "to reorganise and integrate the structure of industrial financing in the country".^{121/} One of the main policy objectives of IDBI was to "concentrate on larger projects which could not come to fruition without its assistance".^{122/} Apart from these there are State Financial Corporations and State Industrial Development Corporation, Government owned Life Insurance Corporation, Unit Trust of India and State Bank of India to meet the financial needs of the

private corporate sector. The establishment of such institutions by the government of India to promote the growth of the private corporate sector, clearly indicates the degree of control that the Indian bourgeoisie commands over the State. What needs to be examined by us is whether the monopoly houses have been the major beneficiaries of the State's munificence. If the answer to this question turns out to be in a affirmative, then this aspect of state policies should be a major source of contradiction between the monopoly and non monopoly capital.

LPIC report gives an account of the disbursement of funds by the state financed or state controlled financial institutions to LBHs and other companies. The following table summarises the available information on the disbursement of funds by these institutions during the period 1956- to June 1966 (the short term loans are excluded).

It is clear from the table that large industrial sector and in particular the large business houses received the lion's share of the financial assistances made available by the Government financial institutions. Now, according to LPIC report, total funds disbursed to the 20 larger business houses amounted to 305 crores of rupees, which represented 13.2% of their total assets in December 1966.

Table 4.5

Disbursement of funds to various categories of
business houses, by the source of funds

(Period 1956 to June 1960)

(Rs. crores)

Fund giving agencies	Recipients of funds					
	Large Ind. Houses	Foreign controlled campus	Large Independences	Sub-total (1+2+3)	Other cos.	Total pvt. corporate sector
A. Term lending Institutions (excluding State Financial Corpn. & State Industrial Development Corporation)	206	12	36	254 (59.5)	173 (40.5)	427 (100.00)
B. State Financial Corpn. & State Indl. Dev. Corpn.	15	x	1	16 (22.2)	56 (77.8)	72 (100.00)
C. Life Insurance Corpn. & Unit Trust Of India	37	2	14	53 (82.8)	11 (17.2)	64 (100.00)
D. Direct Government Assistance	8	-	1	9 (42.9)	12 (57.1)	1 (100.00)
Sub total A+B+C+D	266	14	52	332 (56.8)	252 (43.2)	584 (100.00)
E. Banking Institutions	252	8	29	289 (72.4)	110 (27.6)	399 (100.00)
Total	518	22	81	621 (63.2)	362 (36.8)	983 (100.00)

Source: LPIC Report, Appendix IV.

Note: Figures in brackets give percentage of respective row total.

An analysis of rejection of applications for assistance by the three major financial institutions (ICICI/IFCI/IDBI) shows that most of the rejected applications (75.2% of rejected application) were made by the 'other companies'. The following table classifies the rejected applications by the size of assistances applied for and gives the share of the other companies in total number of rejections in each size group.

Table 4.6

Distribution of rejected applications by size group of assistance sought and by category of business houses

Size group of funds applied for	No. of rejections in the size group	No. of rejections of application made by other Cos.	(3) as % of (2)
Upto Rs.10 lakhs	95	87	91.6
10 - 15 lakhs	117	78	66.7
50 lakhs - 1 croro	23	14	60.9
1 croro and above	15	9	60.0
Total number of application	250	188	75.2

Source: LPIC Report, Appendix IV.

From the table it can be seen that share of the 'other companies' in the total number of rejected applications decreases as the size of the assistance applied for increases.

In other words, even among the 'other companies' bigger companies with large investment projects get better assistance facilities than the smaller ones. The total number of rejected applications for all the institutions was 977 during the stated period and the share of LBH's in them was only 10.3%, while the share of 'other companies' was as high as 71.6%.^{123/}

So there are every reason to believe that the state has entered the capital market mainly to help the accumulation process of the large business houses in general and monopoly houses in particular. The State financial institutions (including banks) have been in many cases unable to provide any economic justification for not advancing loans to the 'other companies'. In 210 cases out of a total rejection of 695 for 'other companies' (i.e. 30.2%), no reason was given for the rejection, while in only 8 cases out of a total of 93 rejections for the LBHs, no reason was cited.^{124/}

The LBHs also cornered most of the foreign currency loans advanced to the private corporate sector by the State Financial Institutions. In particular, 20 larger houses secured over one fourth (27.5%) of the total foreign currency loans advanced by these institutions according to LPIC report.^{125/}

State Policies regarding the allocation of various factors of production like imported capital goods, no industrial raw materials etc. and contradictions arising thereof: (a) Import of capital goods:

We have already seen that import content of investment for the entire corporate sector is on a very high side. Since import of any item requires government approvals government policies regarding.

such imports have important consequences for the investment programme of any business house. Delay in or refusal of allocating foreign exchange for important raw materials, capital goods or spare parts for machineries may seriously affect the competitiveness and profitability of individual manufacturing firms. According to LPIC report, LBHs secured 60.4% of total amount of imports of capital goods approved, while the 'other companies' obtained only 32.4%.^{126/} However, it cannot be said from the available data that the government more often rejected the application for import of capital goods from the 'other companies'. In fact the amount approved as a percentage of amount applied was slightly higher for the other companies than for the LBHs.^{127/} Hence, as far as the allocation of import licenses is concerned, no favouritism was shown to the LBHs.

(b) Allocation of raw materials: The government policies regarding the supply and fixing of prices of some important industrial raw materials or intermediate products (like steel, coal after nationalisation of coal etc.) for which the public sector is the sole or the largest producer may sometimes turn out to be more advantageous for the large scale sector in general and monopoly houses in particular. There is not much systematic evidence about this aspect of state policies. Complaints have been voiced by many small and medium scale industrialists against the government policies about these aspects. For example, the Bengal National Chamber of Commerce complained against the steel allocation policy of the government, which gave special advantages to the bulk consumers.^{128/} The same

organisation, an organisation mainly of regional medium capitalists, has repeatedly protested against the Central Government policy regarding freight equalisation for coal.^{129/} While the cost of carrying coal from the Eastern India to the rest of India has been subsidised no such subsidy has been offered for the raw materials imported to the Eastern India from the rest of India. The Calcutta based Bharat Chamber of Commerce also "invited attention to the glaring disparity in the allocation of the basic material between the DGTD (i.e. large) and small scale units" in the aluminium conductor industry.^{130/} Such allegations indicate the possible existence of a discriminatory policy of the government of India, in this regard.

(c) The purchasing policy of the State and contradiction arising thereof: The State is the biggest single buyer of goods and services in India and the demand for industrial goods from the public sector is a major source of demand for the private corporate sector. Furthermore, industry like public utilities, railways and defence which are the biggest buyers for sophisticated industrial products, like electric transmission equipments, large transformers, pvc cables, electronic instruments etc. are in the public sector. So, the government by suitably altering the purchase policy of it can affect the growth or decline of a large number of manufacturing firms. There is no hard fact to examine the direct and indirect beneficiaries of the government purchases. But Monopoly Inquiry Commission in its report has commented in a way to suggest that largely the monopoly houses have benefited from the government purchases.^{131/} The very

fact that the monopoly capital has grown very fast in the post independent India, especially in modern technologically intensive industries suggests that, at least in this respect the government policies have not stood as obstacles to their growth.

(d) Other State policies: There are other state policies which have important consequence for the growth of the private corporate sector and its various constituents. An important one among them is the corporate taxation policy of the government. The corporate taxation policy is manifestly regressive since after a certain level of corporate income its rate does not increase with the size of corporate income. V.D.Lall, on the basis of data of some sample companies belonging to the larger houses, made a study of the incidence of taxation on profits and net worth of these companies. He concluded: "The top seven (houses) as a whole have a lower effective tax and higher profitability, before and after tax, than the other Indian controlled groups. The large volume of investment in fixed assets by the top seven as a whole enabled them to benefit to a greater extent from tax concessions and this kept their effective tax rate low".^{132/} The RBI study on the large and medium public Ltd. companies also shows that effective rate of taxation, measured in terms of tax as a percentage of pretax profit, is lowest for the companies in the highest size-group by assets.^{133/}

Another way the monopoly or other large business houses may gain is by keeping a large amount of payable tax in arrears. Their ability to engage in expensive legal battles, their political

connections have enabled them to invoke little penalties for such tax evasion. According to one report, seven big houses did not disclose income of Rs.58 crores in 1976-77. Birlas alone accounted for Rs.28 crores out of that sum and had to pay a penalty of as little as Rs.15.42 lakhs, less than even 1% of the amount evaded.^{134/}

On the basis of our above analysis it can be reasonably concluded that the contradictions between the monopoly and non monopoly capital in India have been both reflected in and reinforced by the state policies. In fact, the most important source of power of the monopoly houses have been their control over the state.

Section V

Contradictions between the metropolitan bourgeoisie and the two sections of the Indian bourgeoisie

We have so far discussed the characteristic features of the two groups of the Indian bourgeoisie and also the contradiction existing between these two groups that may justify such a stratification. A third group of bourgeoisie also operates in India, which is the metropolitan bourgeoisie represented by the foreign capital in India.^{135/} We may observe that foreign capital constitutes a very important segment of the Indian corporate sector^{136/} and according to some political analysis the determinant one.^{137/} Since the Indian capitalist system cannot be fruitfully analysed in isolation from the international capitalist system, the

contradictions existing between the three groups of bourgeoisie should be taken to constitute a system, where each element is organically related with other. So when we introduce foreign capital in our discussion of the Indian bourgeoisie, we cannot possibly discuss foreign capital's relation with the Indian bourgeoisie as a whole but only with the two separate groups of the Indian bourgeoisie that we have identified.

We are, however, considering the foreign capital as a whole and ignoring any division that may exist within the metropolitan bourgeoisie.^{138/} In our opinion this is not a serious limitation of our study since we are interested in understanding the qualitative nature of the contradictions that may exist between any section of the metropolitan bourgeoisie and the two groups of the Indian bourgeoisie.

Before we discuss these contradictions, it will be worthwhile to point out one important feature of the formation process of the Indian bourgeoisie, which is its relation with the foreign capital in its early years.

Initial relation of the Indian bourgeoisie with the foreign capital

There is a strong opinion among a section of the economic historians that the Indian bourgeoisie of the present era and also the monopoly houses arose only or principally from the 'comprador' sections of the mercantile bourgeoisie of the early British periods. For example, Levkovsky has written "Indian capital was at first partly an agent of British merchant capital, later to some extent of British

Industrial capital and finally of British financial capital".^{139/}
 The error in such arguments stems from wrong understanding about the nature of comprador bourgeoisie as such. According to Levkovsky "the comprador bourgeoisie is concerned mainly with trade operations connected with the export of indigenous raw materials and the import of manufactured goods from imperialist countries as well as credit and money lending dealings".^{140/} In other words, 'compradors' are equated with the export-import traders and financiers of a colonial country.^{141/}

The term 'comprador', however, originally meant a specific type of social and economic relationship existing between a section of the Chinese merchants and foreign agency houses. "The comprador (mai-pan) was the Chinese manager of a foreign firm in China serving as middlemen in the company's dealings with the Chinese. Within the foreign firm, he (the comprador) recruited and supervised the Chinese staff, served as treasurer, supplied market intelligence, assumed responsibility for native bank orders..... and generally assisted the foreign manager in transactions with the Chinese. The comprador differed from the (licensed) broker in the sense that while a Ya-hang (licensed broker) was an independent commission agent, a comprador was in the main contractually employed by foreign merchant".^{142/} The comprador's main source of income, apart from a fixed salary covering his services and expenses in maintaining a staff, consisted of commission income and illegal 'squeezes' from many business transactions. The huge wealth that

compradors amassed were often invested in industrial enterprises - mainly in shipping, coal mining and then in textiles.

In India, the banyans had been truly the counterparts of the chinese compradors. "A banian (was) a person by whom all purchases and sales of goods, merchandise and produce (were) made on account and on behalf of the merchant or merchant firm in whose establishment he (was) a banian".^{143/} Sometimes the banyans also acted as transport agents and labour recruiters. That 'banianship' involved a direct subservience relationships to their British masters is clear. Timberg in his study on early Marwari entrepreneurship rightly noted that "these banian relationship were essentially conservating ones, in that the banian's identification and subordination to British firms kept them away from taking an independent commercial policy of their own. The large banian firms did not move into direct import and export trade on their own. They did not start industrial enterprises. They opposed social reforms and the nationalist movement at least in the early 20s."^{144/}

But the banyans were not the only category of Indian businessmen available. There were large independent traders, money-lenders and brokers, whose interest differed substantially from that of the banyans. Founders of many of the present day monopoly houses were independent traders and brokers on their own account.^{145/} That the banian agents of British houses had a different perspective about their own interest from that of the independent traders can be seen clearly from the internal struggles that was splitting early

Marwari caste associations in Calcutta.^{146/}

These rising mercantile bourgeoisie came into direct conflict on the strength of their accumulated capital, with the colonial state power and the metropolitan bourgeoisie behind it, when the latter wanted to confine the Indian merchants in their secondary position. But this confrontation did not follow any simple and straight path. Not in every sphere of activity there was contradiction too. But the Indian capital had to fight its way into areas where the European interests had been firmly entrenched.

To protect and uphold their own distinct interest, the Indian bourgeoisie formed their own associations, chambers of commerce etc. signifying that they were gradually evolving into a 'social class for itself'. When FICCI, the apex body of various regional and industrial chambers of commerce was formed G.D.Birla - the doyen of Indian capitalists, explained candidly the class needs of such an organisation in a letter to Puroshattom Thakurdas in the following words: "I have been watching very closely the activities of the Associated Chambers for the past few years and I feel that their strong organisation will be very detrimental to Indian interest, if steps are not taken immediately to organise a similar institution of the Indians. You will perhaps agree with me that if we do not check their activities in time, their influence with the government will increase to an extent which government will find it most difficult to resist".^{147/}

It is however, interesting to note that when FICCI was formed in 1923, not all sections of Indian Capitalists agreed to participate in the organisation and the Calcutta based Marwari groups, at that time composed mainly of traders, really formed its core. For example the parsi group in Bombay headed by Tata never participated in FICCI, but for a few years after independence. Similarly the Bombay mill owners did not participate in FICCI, but the grain dealers, cotton-piece goods merchants and shroffs became the most active and vocal members of FICCI. Many smaller regional chambers of commerce, like Bengal National Chambers of Commerce, the earliest nationalist business organisation, also were not present in FICCI.^{148/}

This suggests that possibly a structural stratification was taking place even in that formative period of the Indian bourgeoisie. Not all sections of the Indian bourgeoisie were viewing their relations with the metropolitan bourgeoisie in an identical perspective. And, contrary to Levkovsky's suggestion, the 'most advanced' section of the bourgeoisie i.e. the large-scale manufacturers, were compromising more with the metropolitan industrial bourgeoisie, especially when the demands for wage rise affected both the parties. Despite the nationalist intentions proclaimed by some, the Indian capitalists could not step out of the limit set by their objective class interests. Thus, in an interesting speech read before the members of Indian Mines Federation, an all Indian body of smaller mining interests, its Chairman N.C.Sirkar noted, "Nothing is further from truth than to regard that we who represent Indian capital are

not interested in the uplift of the Indian masses by which alone the nationalist aspirations may find its realisation. In this movement, in its general aspect we are interested enough but it is to be remembered that the ignorant masses we come in contact with does not represent in our special sphere an underdeveloped citizen but only a human factor in the production of wealth in the wider sense".^{149/}
(underline ours).

Furthermore, it should be remembered that the international capitalist structure has undergone some important changes since the second world war.^{150/} It is no longer true that the metropolitan bourgeoisie is against any programme of industrialisation in the underdeveloped countries. It would no longer be valid to equate industrialism per se with any brand of nationalism in the context of an underdeveloped country. As is well known the process of decolonisation did not bring about an end to the dependence of the erstwhile colonial economy on the metropolitan economy but it only meant a change in the nature of integration of the national economy with the international one; it meant emergence of a new kind of international division of labour.^{151/} The framework of analysis, underlying the conceptual categories like 'comprador' and 'nationalist' bourgeoisie in the context of underdeveloped economies in their classical forms seems no longer adequate. In fact, the decolonisation process could also be seen as a result of the changes occurring in the structure of metropolitan economies. Giovanni Arrighi has made an important observation in this regard:

though decolonisation, the "colonial preserves of European imperialism" were opened up to American capitalism, in which the oligopolistic corporation plays a more central role than in French or British capitalism. More important still was the outflow of small scale competitive capital that accompanied independence. In fact, decolonization was among other things, the result of a conflict between the dynamic elements (the big companies) and the backward elements of colonial capitalism".^{152/}

The swing from an attitude of hostility to of collaboration towards the foreign capital, particularly after the independence, on the part of a large section of the Indian bourgeoisie can thus be better understood in the light of the above comment. Thus during the second world war period, while the old British managing agency houses, which accounted the bulk of foreign private capital operating in India, were being taken over by the Indian capital, the British multinational like Lever Brothers were gradually entering the Indian corporate sector, and new collaboration agreements with international firms were being entered into.^{153/}

We need to examine the nature of association or linkage between the foreign capital and two sections of the Indian bourgeoisie and study the contradictions arising from those linkages if we are to arrive at any conclusion regarding the overall class features of the two sections of the Indian bourgeoisie.

Forms of Operation of private foreign capital in India and forms of Association between foreign capital and Indian capital

Private foreign capital may operate in the Indian corporate sector, mainly in two ways - through direct equity investment with associated control over the invested capital and through portfolio investment (i.e. equity investment without control, and loan) in Indian controlled companies. In another way foreign firms may extend its influence into the Indian corporate sector is through supply of technology, in the form of knowhow product designs etc. and also granting the right to use brand names of its products.

These three forms of operation of foreign capital indicate different degrees of control over investment exercised by the international firms over their foreign investment. Obviously direct investment by definition implies the highest degree of control over the affiliates of the international firms, operating in a host country like India. It is, however, not necessary for an international firm to own 100% equity interest in its foreign affiliates. As LPIC report has suggested, as low as 1/3rd of total equity capital holding in a block may be sufficient to control a business enterprise.^{154/} The RBI has defined a category - foreign controlled rupee companies (FCRC), which it uses in its studies on foreign business investments in India. FCRCs, are Indian joint stock companies - (i) which are subsidiaries of foreign companies (i.e. more than 50% equity capital is held by a single foreign firm) or (ii) in which 40 per cent or more of the share capital is held in any one country or (iii) in which

25 per cent or more of the share capital is held by a foreign company/its nominees or (iv) which are managed by a foreign controlled managing agency company.^{155/}

This wide ranging definition indeed points out the many ways by which an international firm may control an Indian company apart from the most obvious one viz. owning the majority share in the total equity capital of the Indian company. Various studies on multinational enterprises have suggested that given the option a multinational enterprise will try to keep complete control over its invested capital.^{156/} But due to pressures exerted by the third world governments, the international firms are more and more forced to accept local capital as business partners. The extent to which the international firms will be ready to share their profit, which includes a large amount of monopoly rent in it, with local capitalists will obviously depend on relative bargaining strength of two groups. The bargaining power of local capital will in turn be determined by the relative size of the national market and its rate of growth. In a growing economy where the market and the total surplus to be distributed, is growing very fast, foreign capital will more readily accept local capital as partner. But foreign capital is expected to resist any type of reduction in its control over capital invested in a stagnant or a slowly growing economy. The following table gives the trend of the composition of foreign business investment in India.

Table 4.7

Trend in the composition of (long term) foreign
business investment in India

(Figures in percentage of total
foreign business investment)

Nature of investment	End 1955	End 1961	After de-valuation 1967	1971
1. Direct Investment	87.4	79.2	47.0	45.7
2. Portfolio Investment	12.6	20.8	53.0	54.3
3. Out of which loan	0.6	13.0	32.9	29.9
Total	100.0	100.0	100.0	100.0

Source: RBI Bulletin different issues.

From the table it can be seen that, the share of the direct investment in the total foreign business investment declined upto 1967, but since 1967, this gradual decline has been arrested. It is a well accepted fact that the Indian economy took a turn for worse since 1967 by any measure viz., rate of growth of gross domestic product, rate of growth of manufactured products etc.^{157/} So from 1967, when the Indian economy has entered a phase of stagnation and crisis, the foreign capital has not given up to any further

extent, its control over the invested capital. However, it may not be entirely correct to treat investment in the form of loan capital as investment without any control. Most of these loans have not been raised through floating overseas bonds to investors in the metropolitan capital market but these loans have been either advanced by multinational banks or by international financial institutions like world bank or agencies. Much of these loans are tied in the sense that creditors exercise substantial control over the utilisation patterns of these loans.^{158/}

By supplying technology, patents and brand names, too, the international firms may have substantial say in the operations of purely local firms. And control through supply of technology is not necessarily less compared to the ownership control of a firm. Vaitos, studying the 'contracts of technology commercialisation' has thus observed - "If the volume, markets, prices and quality of what a firm sells, if the sources, prices and quality of its intermediate and capital goods, if the key personnel to be hired, the type of technology used etc. if all of these are left under the control of the licensor, then the only basic decision left to the licensee is whether or not to enter into an agreement of technology purchase. Technology through the present process of its commercialisation becomes thus a mechanism of control of the recipient firms".^{159/}

The three ways in which foreign capital may operate in India are also the three ways in which Indian capital may associate

itself with foreign capital. Indian capital may be associated as minority partner or passive share holders earning dividends in foreign controlled rupee companies. In Indian controlled and owned enterprises Indian capital may be majority partner with foreign capital as the minority one. Indian enterprises may also have only technical collaboration with multinational enterprises. It is to be seen which form of association between Indian capital and foreign capital is more important than others.

According to RBI survey report on foreign collaboration, public limited subsidiaries of foreign companies accounted for 13.1% of total capital employed by all the public limited companies included in RBI survey on Indian joint stock companies.^{160/} The companies with foreign minority participation accounted for another 24.1% of capital employed by the RBI sample companies. The companies with pure technical collaborations accounted for a further 15.5% of total capital employed by 1333 selected public Ltd. companies.^{161/}

The following table showing the value of production in three types of enterprises, also points at the growing importance of the joint business ventures in which foreign capital occupies a minority position.

Within the subsidiaries also, we find, from the RBI survey, that 100% foreign ownership is becoming a rare phenomenon, and 29.2 per cent of capital of these enterprises have come to be held by Indians (year 1969).

Table 4.8

Value of total production in subsidiaries, minority foreign ownership and purely technical collaboration enterprises

(Rs. crores)

Year	Subsidiaries	Minority	Pure Technical collaboration enterprises	Total
1960-61	381.3 (41.9)	235.9 (25.9)	293.1 (32.2)	910.3 (100.0)
1964-65	550.3 (38.8)	435.4 (30.7)	434.4 (30.5)	1420.1 (100.0)
1969-70	1181.6 (38.3)	1197.1 (38.8)	705.0 (22.9)	3083.2 (100.0)

Source: RBI Survey of Foreign collaborant 1968 and 1974.

- Note: 1. Figures in brackets give percentages to the row total
2. Figures refer to companies included in RBI sample any

Incidence of association with foreign capital in two sections of the Indian bourgeoisie

Information necessary to answer such a question is extremely limited and at best we can have some indirect indicators of this incidence of foreign association on two sections of the Indian bourgeoisie. Most of the existing studies suffer from a serious limitation in so far as these studies have considered one or the other aspect of the problem but not both viz., aspect of foreign association have been studied without any reference to the monopoly non monopoly dimension and vice versa.

Subsidiaries are by definition foreign controlled and under foreign minority ownership. It is more likely that foreign controlling interest would prefer to distribute the rest of the shares widely so that no single Indian business house can acquire a substantial block of share and thereby try to exercise some control over management of the enterprise. So the Indian capital invested in foreign subsidiaries will be in the nature of portfolio investment (i.e. without any control) and it is more likely that small capitalists, salaried earners belonging to the high income groups would own most of such share capital. Government financial institutions and banks may also hold some shares in these enterprises as passive share-holders. But instances are there, when Indian monopoly houses have become minority partners in foreign subsidiaries. For example Tata became a minority partner in Merck Sharp and Dohme of India, subsidiary of a U.S. drug multinational.^{162/} LPIC report also mentions a few foreign subsidiaries or foreign controlled rupee companies in which Indian monopoly houses have equity interests.^{163/} It is not known whether, in such cases Indian monopoly houses have any say over the management of enterprises.

On the part of the multinationals, they seek the cooperation of Indian monopoly houses in enterprises otherwise controlled by them possibly for gaining entry into industries in which establishment of subsidiaries is not encouraged by the government and the global strategy of them is to operate through directly controlled

subsidiaries only. For example, in the case of Merck, Sharp and Dohme (MSD), the original proposal of the multinational was to establish a wholly owned subsidiary which was to have some stringent foreign collaboration proposal with its principal. The proposal in that form was rejected by the Indian government. After that the multinational proposed a joint business venture with Tata as a minority partner and got the government approval. So it is likely that association of Tata with the venture facilitated the government approval. Friedman & Boguin in their study reported that "for practical purposes, the enterprise has been managed in the same way as a wholly foreign owned subsidiary" without any interference from Tata.^{164/} But apart from earning dividend, Tata has also a more direct interest in the enterprise, since Voltas, a Tata company, is the distributing firm for MSD. So if there is a growing market for the products involved, a multinational may be willing to take the risk of seeking co-operation of a powerful local group which in the future may not remain content in its role of a passive investor.

The second form of co-operation between Indian and foreign capital is seen in enterprises which are under the control of Indian majority ownership with a small to significant foreign financial participation. It is theoretically possible to classify all such enterprises into two groups - enterprises controlled by Indian monopoly houses and the rest - and find out the incidence of foreign association in this respect, in the two groups of the Indian bourgeoisie. In the absence of such a through study, we

have to fall back upon some indirect methods.

If we look at the distribution of minority enterprises by the size of capital employed, we find that capital is mostly concentrated in bigger sized units, the average size of enterprises in the largest size group of capital employed being 15.89 crores of rupees.^{165/} Since the RBI uses a very mechanistic definition of minority enterprises (i.e. foreign equity interest is less than 50%) many of these enterprises may actually be FCRCs. Besides this caveat, these large minority companies (if they are Indian controlled) are more likely to belong to the monopoly sector since among the large sized companies, the monopoly capital is expected to be over represented. The following table gives the size distribution of minority enterprises the size being measured in terms of capital employed.

Table 4.9

Total capital employed in different sizes of minority enterprises (Year 1960-64) (Public Ltd. only)

Size of companies (Total capital employed)	No.	Total capital employed (Rs. crores)
Upto Rs. 25 lakhs	70	7.5
25 lakhs - 1 crore	101	56.6
1 - 5 crores of rupees	83	190.5
5 crores and above	37	588.0
Total	291	842.6

Source: RBI Survey on foreign collaboration, 1968.

From the table it can be seen that only 37 companies accounted for 69.8% of total capital in minority groups, the average capital employed by these companies being as high as 15.9 crores of rupees. But there were as many as 70 companies with very low average capital employed (1.1 crores of rupees).

The following table, giving the average size of new companies with and without financial collaboration also points out that, on the average, financial participation by foreign companies are higher in larger sized firms in the corporate sector.

Table 4.10

Average size of companies with and without foreign financial collaboration

(Rs. crores)

Year	Average size (amount of initial issues consented) of the companies without financial collaboration	Average size with financial collaboration (including subsidiaries)
1951-55	0.52	0.98
1956-60	0.52	0.93
1961-64	0.48	0.95

Source: Quarterly Statistics of the Working of Capital Issues Control, Ministry of Finance (different issues).

It can be seen from the above table that, average size of firms with foreign financial participation is nearly 79% higher than that of the firms without such participation, when the size

is measured in terms of the size of initial issues. So it is more likely that a larger number of such companies when they are Indian controlled, belong to the Indian monopoly sector. If we look at the industrial distribution of such minority enterprises and compare them with that of the RBI samples of large and medium public Ltd. companies, we can see that technologically intensive industries have relatively more weight among such minority enterprises. For example, Transport equipment, Machinery and machine tools, Electrical goods and machinery and chemical and allied products accounted for 39.8% of total capital employed in minority enterprises, while the comparable figure for the companies in RBI sample was only 20% in 1963-64.^{166/} On the other hand, Textile products accounted for 23.9% of total capital employed in RBI companies, while for the minority enterprises, it was only 7.0%. If we look at the industrial distribution of subsidiaries also (given in RBI survey), we see that there is a preponderance of these companies too in such industries as requiring sophisticated technology.^{167/}

It is interesting to note that the average size of bigger subsidiaries is much less than the bigger minority companies. For example in 1963-64, among the companies covered in the RBI survey, there were 13 subsidiaries with capital employed per company being more than Rs.10 crores. The total capital employed by these 13 companies was 254.1 crores of rupees, the average being 19.5 crores of rupees per company. On the other hand there were 17 companies in

the minority group, with capital employed per company being more than Rs.10 crores. The total capital employed by these 17 companies was 438.5 crores of rupees, the average per company being 25.8 crores of rupees. Similarly in the next size group of companies (i.e. total capital employed lying between 5 and 10 crores of rupees) there were 14 subsidiaries and the total capital employed by these 14 subsidiaries was 94.8 crores of rupees, the average per company being 6.8 crores of rupees. At the same time, there were 20 minority companies in the same size group, their total capital employed being 159.5 crores of rupees, and the average capital employed per company being 7.5 crores of rupees.^{168/}

It is not difficult to see why this should be so. Depending upon the level of imperfections in the international market for technology, the international oligopolistic corporations can demand and retain more or less control over their investment in less developed countries. If, however, coupled with a substantial amount of imperfection in the technology market, the capital intensity of some projects are very high, multinational firms may sometimes find it worthwhile to collaborate in a joint venture with local monopoly houses since the latter may be able to provide a substantial part of the required capital and management too. Furthermore, the local collaborator, having a strong influence on the state, may restrict competition from other international rivals by urging the state to adopt suitable protective policies, viz., disallowing any further creation of capacity, banning any import of the locally manufactured

products etc. Sometimes an international firm may be able to enter the Indian market, where one of its rival has already established a subsidiary, only by associating itself with a dominant local group. For example before the entry of Hindalco, a successful joint venture between the U.S. firm Kaiser and the Indian monopoly house Birla, India Aluminium, a subsidiary of another large U.S. multinational was the dominant undertaking in the aluminium industry. Since Kaiser, was not prepared to provide a large proportion of the capital required a joint venture was the only alternative to maintain its presence, even in a small segment of the world market.^{169/}

The third way through which Indian capital may associate with foreign capital is by entering into technical collaboration agreement with foreign firms. We have already seen that technological dependence has been a structural phenomenon for the Indian corporate^{sector} and not for any particular section of the Indian bourgeoisie.^{170/} But the degree of dependence may not be the same for every section of the bourgeoisie and the form of dependence also may vary. Technical collaboration is one form through which this dependence become manifest.

According to LPIC report, the Indian large business houses among themselves obtained 678 collaboration proposals approved out during the years 1956-66 (upto June).^{171/} This was 26.9% of total collaboration proposals approved for the private corporate sector. Companies outside the large industrial sector secured

49.2% of the total collaborations approved. These shares, however, were not disproportionate to the relative weight, of the two sections of the Indian bourgeoisie in the total paid up capital of the private corporate sector. But the number of collaborations per license approved was higher for the companies outside the large industrial sector, with nearly four collaboration proposal approved per license issued to such companies. This suggests that technological dependence has been much more pronounced in the non monopoly sector than in the monopoly sector.^{172/} This does not mean that the monopoly houses have attained technological self-sufficiency. It is only implied that these monopoly houses are better placed, in terms of bargaining power and adaptive ability to reduce their dependence in imported technology on every aspect of production.

Within the monopoly Indian houses also there is a wide variation in the extent of collaboration sought by these houses. Making use of the LPIC data, it has been found that only 8 houses had more than 20 collaborations approved per house. Bulk of the large business houses had less than 5 collaboration, per house.^{173/} Only two largest houses, Birla and Tata had more than 100 collaboration each.

Within each Indian large business house, there are companies without any foreign collaboration whatsoever. Such big houses like Birla and Bangur had large number of companies without any foreign collaboration. For Birla, 47.4% of assets (42.61

according to MRTTP data, given in the same study) were in companies with foreign collaboration. For Bangur it was as low as 11.2%.^{174/} At the same time, houses like Sri Ram Wadia, Sarabhai, Khatau, Tata and few other had very little assets in companies without any foreign collaboration.

It may now be asked whether degree of foreign collaboration had any impact on the rate of growth of assets of different business houses. In other words, we want to find out whether a greater association with foreign capital has helped a business house to grow faster than others. There is no proper data-base to answer such a question satisfactorily. One general point is to be noted, that the weights of the monopoly houses in the private corporate sector, in terms of total paid up capital or assets, have not lessened much.^{175/} So the large number of foreign collaborations approved in the non monopoly sector, has not been of much help to the non monopoly capital, at least, in increasing their relative position in the private corporate sector.

In particular, if we take a look at the composition of Indian large business houses, prepared by various government agencies at different points of time, we would find that some houses are falling behind some new entrants in respect of total assets controlled by these houses. The following table prepared from a study on Indian business houses, gives the degree of foreign collaboration in two types of houses viz., those houses which appeared on one list at the later year but not for the earlier year and those

houses which failed to appear on a list in a later year but was enlisted for an earlier year. The degree of foreign collaboration has been measured in terms of the relative weight of assets of companies with foreign collaboration in the total asset belonging to each house (For detail see the note).

Table 4.11
Degree of foreign collaboration of two different
types of houses

Name of the houses of 1st kind ^b	Degree of foreign ^a collaboration in the houses	Name of the houses of 2nd kind ^b	Degree of foreign colla- boration in the house
1. Chowgulo	52.6	1. Agarwal	15.8
2. Godrej	58.0	2. Amin	69.3
3. Malhotra	75.5	3. Chinai	2.3
4. Kapadia	64.9	4. Dalmia	26.4
5. Prutaplal Bhogilal	87.7	5. Jaysighbhai	32.8
6. Raunaq Singh	72.6	6. Mangaldas Parekh	3.6
7. Somaya	92.8	7. Poddar	46.8
		8. Seshasayee	62.4
		9. Shaporaji Pallanji	38.0
		10. Vissanji	19.1
Average for 7 houses taken together	68.6	Average for 10 houses taken together	34.7

Source: Subhendu Das Gupta - A study of the collaboration behaviour of Indian Business Houses (mimeo), Centre for Study in Social Sciences, Calcutta.

Note: a) asset of companies with foreign collaboration as % of total assets in the houses.

b) 1st kind of house - which appeared on Monopoly Research list (MRU) of 1974 but not on Monopoly Inquiry Commission (MIC) list of 1964.

contd....

2nd kind of House - which appeared on MIC list of 1964 but not on MRU list of 1974.

- (c) A Statistical significance test (t test) also shows significance difference between the groups at 1% level.

From the table, we can see that the houses which appear to be lagging behind have been less active in securing foreign collaboration and the houses which appear to be advancing very fast have mostly done very well in matter of securing foreign collaboration. However, the indicator chosen to measure the degree of foreign collaboration is not very satisfactory, since the qualitative impact of any particular collaboration proposal on the total operation of a business house cannot be measured by such a crude method. The suggested correlation between the level of performance of an house and its degree of foreign association does not, however, imply any casual relation between the two and it would be too hasty to conclude that foreign association, per se has produced a better performance for some houses. There could be other reasons for this. Probably, these declining houses failed to diversify at proper time, did not seek entry into the modern technologically intensive sector and therefore did not need any foreign collaboration and ultimately could not grow fast.

We should take note of another interesting feature of collaboration practice of Indian business houses. For each of these houses, but for a few exceptions, the foreign technical collaborations have been confined only to bigger companies

belonging to each house. Much higher sizes of the companies with foreign collaboration, than other companies without foreign collaboration under these houses, indicate that these houses have gone for foreign collaboration in these industries which have higher capital intensity and sophisticated technological requirements.

Bargaining strength of the two sections of Indian bourgeoisie vis-a-vis foreign capital

To assess the bargaining strength of the two sections of the Indian bourgeoisie vis-a-vis foreign capital, we have to examine terms and conditions of foreign collaborations entered into by the two sections of the Indian bourgeoisie. A priori, it may be postulated that monopoly houses will be able to bargain more effectively and will extract more generous terms from their foreign collaborators. But available data do not allow to test such an hypothesis directly. We can make an analysis of terms and conditions of collaboration agreements for different sizes of firms only.^{176/}

National Council of Applied Economic Research (NCAER) in a study on foreign collaboration agreements has classified the agreements of various types according to the size of firms. The firms have been grouped according to size of sales for a particular year 1967. Sale is not a satisfactory indicator of size, particularly when a number of firms with considerable capital

base have started production very recently. Despite this deficiency, this is the only data available for comparing the collaboration agreements of different sizes of firm. The following table, prepared from the data given in NCAER study, brings out the nature of correlation between the size of firms and the type of agreement.

Table 4.12

Distribution of agreement by royalty and size of firms

	<u>Size of firms (annual sales in Rs. million)</u>				
	<u>Less than</u> 5	<u>5-10</u>	<u>10-50</u>	<u>50-100</u>	<u>Above</u> 100
1. Percentage of agreement without export restriction for each size group	97.2	86.0	93.9	91.2	95.7
2. Percentage of agreement without export restrict and no royalty pay	7.70	28.6	42.4	43.2	47.3

(Figures in percent of total No. of agreement)

Source: Foreign Technology and Investment - National Council of Applied Economic Research (NCAER), 1971, p.103-113.

From the table we can note that the firms in the smallest size group have been able to contract most favourable agreements (i.e. agreements with lower rate of royalty, and no export restriction). The next ^{best} performance has been shown by the firms in the highest size-group. According to NCAER, the nature of technology also determines the terms and conditions of agreements and smaller

firms tend to import technology which are cheaply available in the international market. It is also true that local big houses will try^{to}/enter into industries in which they will have monopoly advantages. Economies of scale, technical complexities and ready marketability of products - these are some of the conditions which would enable them to secure monopoly rent from their invested capital. If some of these conditions are not reliable without recourse to international market for technology and capital, then only alternative to not accepting the terms and conditions of the oligopolistic international firms is to forgo the investment opportunity in that particular industry and leave it for the subsidiaries of the international firms.

The bargaining strength of large firms may be compared with that of small firms (which may be taken as a proxy, not too satisfactory, for comparison between monopoly and non monopoly houses), by evaluating the nature of technology of the two types of firms in import. Regarding this we have already noted (see page) that the large firms are more selective buyers of technology and have the ability to shop for the kind of the technology they specifically want.

Another indication of the greater bargaining strength and better management of negotiations for clinching an approved collaboration proposal, could be found in relative weight of infructious proposals in the total number of proposals of different sizes of firm. The following figures show that rate of failure is maximum

for the smaller firms. This means that they have been less able to carry a proposal through.

Table 4.13

Failure of collaboration negotiations by firm size
(Size in terms of Annual Sales Rs. million)

Firm size	less than 5	less than 10	less than 50	less than 100	Above 100
Failure rate	25	2.4	19.2	14	18

(Figures refer to the failed negotiations as percentage of total negotiations)

Source: Same as in the table 4.12.

On the basis of available information which is very much inadequate for answering the question we are interested in, this much perhaps can be said that monopoly houses did not show any more dependence on foreign capital than the rest of the bourgeoisie and probably they have emerged stronger through their selective association with foreign capital.

Contradictions between foreign capital and two sections of the Indian bourgeoisie

On the basis of our above discussion, we can try to locate areas of contradiction between foreign capital and two sections of Indian capital; Firstly, let us identify areas of contradiction between Indian non monopoly capital and foreign capital.

So far as foreign capital operates on its own through subsidiaries and branches, it becomes a part of the monopolistic section of the Indian corporate sector and its contradictions with non monopoly capital, would be in substance and form of the same nature as have been shown to exist between Indian monopoly capital and non monopoly capital. But such industries where non monopoly capital can operate on its own, with its own technology and capital, would generally be less capital intensive, technologically less sophisticated and more standardised, and therefore would not provide much monopolistic advantage to foreign capital. Therefore, there would be very few industries, like match, soap etc. (mostly consumer goods industries) where such competition would prevail. The general preference of consuming masses for foreign brand names would act as a deterrent to non monopoly capital's growth in such industries. Only if the State had come to help the non monopoly capital by restricting the operations of foreign companies, ^{it}/_{it} could have grown much faster. But, there is no evidence to suggest that the State has restricted to any significant extent the growth of foreign companies in such industries. Companies like Wimco, Hindustan Lever, Bata etc. have come to dominate such industries. There is no evidence to suggest that the State, through licensing and other policies, have really tried to ease out such dominant foreign companies. ^{177/} In fact, these companies have been accorded 'national treatment' as a result of the state policies contained in 1956 industrial policy resolution.

But in modern and growing industries where capital intensity is much higher and technology required is much more complex, the non monopoly capital can operate only through association of foreign capital and technology. We have already seen the greater technological dependence of the smaller companies. Since the resources and bargaining strength of non monopoly capital is insignificant compared to the large multinational firms, they have to accede a greater control to their foreign collaborations. And in general, their capability to assimilate foreign technology, develop their own technological base and acquire a greater control over their enterprises are much less compared to the monopoly houses and in fact there is no evidence to suggest that non monopoly capital in general has grown faster than monopoly capital, through its association with foreign capital.^{178/} It should be, however, noted that no extra-economic coercion on the part of foreign capital has compelled non monopoly capital to enter into a subservient relation with foreign capital, but the very structure of the economy, dominated by monopoly capital has impelled non monopoly capital to accept such a subordinate role for their survival. Therefore, contradictions between monopoly and non monopoly capital is much more basic to the determination of structure of the corporate sector than between non monopoly and foreign capital.

Let us now identify the sources of contradiction between foreign capital and Indian monopoly capital. There may be broadly four areas of contradiction between foreign capital and Indian monopoly capital. These areas are -

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Let us now identify the sources of contradiction between foreign capital and Indian monopoly capital. There may be broadly four areas of contradiction between foreign capital and Indian monopoly capital. These areas are

(i) control over technology (ii) access to international market
 (iii) use of investible resources and (iv) control over the state.

Control over technology: Monopolisation of innovative activities and technology resulting from them may be looked upon as the key to monopolistic power of international firms. The international market for technology is highly oligopolistic and few large multinationals almost dominate it. According to one report, out of about 3.5 million patents, only 200,000 or 6 per cent have been granted in underdeveloped countries and, "only one sixth of that 6 per cent is owned by nationals of the third world".^{179/}

Against this general background of a highly skewed international distribution in possession of technological information and know-how, we must evaluate the collaboration practice of Indian monopoly houses. Collaboration has been the most easily available way to obtain the required technology for expansion and diversification into new industries, for Indian monopoly and other business houses. It would be of interest to international firms to protect their monopoly control over technology and perpetuate the dependence of their collaborators in underdeveloped countries. But the interest of their Indian partners obviously lies elsewhere. We have already seen that smaller non monopoly houses do not possess the required resource base to assimilate the imported technology through their own R & D activities and acquire their own technological base. But the large monopoly houses would try to progressively reduce their dependence on imported technology, not for their entire activities,

but only for those areas in which they have already imported technology. This reduction they could achieve by - (1) entering into collaboration agreements with less onerous terms (in particular, they would refuse to enter into agreements which impose restrictions on the Indian partner to develop new product range based on the know-how supplied by foreign firms); (2) by increasing the R & D activities for assimilating foreign technology (3) by reducing import contents in products made through collaborations.

There is not much documentation to examine whether Indian monopoly houses have really differed much from their non monopoly counterparts in all these aspects. And we also cannot expect in every collaboration agreements entered into by the Indian monopoly houses would be of some nature, since as we have already seen that nature of technology also determines the nature of agreements. Many of the published agreements do contain restrictive clauses through which international firms may exercise absolute control over every aspect of production of not only existing products but also of the future products that may be produced in the collaborating Indian firm.^{180/} But, it is not known what has been the fate of such agreements in practice. In one instance, we find that it is the Indian monopoly house which has really determined the future course of the joint venture. In this case, Cummins, an international giant, has entered into a collaboration agreement with Kirloskar to set up a joint business venture for the manufacture of diesel engines. Fifty per cent of the equity of this firm was held by cummins and 25.5 per cent

was held by Kirloskar Oil Engines. After some years the joint venture ran into difficulties. Cummins wanted to make the plant, established under the collaboration agreement, a single product plant. But Kirloskar wanted to use the idle capacity to service their own engines and produce parts of their own engines. In the ensuing conflict, "Cummins management decided to go the Indian way and let Indian Management run the show". According to Jack Baranson, who has documented this conflict "(the) overriding consideration in the cummins decision was that it had little alternative but to go along with Indian preferences. (Since) Indian laws governing foreign enterprise favour Indian citizen, in any running encounter with industrial authorities the American partner would probably loose out".^{181/}

In another agreement between Telco, a Tata firm and Dailmer-Benz, for manufacturing trucks, it was stipulated: - "On the expiration or termination of the agreement, Telco may continue production with the benefit of all technical information and experience acquired but without the use of the Dailmer-Benz name or trade mark in any manner".^{182/} And Telco now produces Trucks under its own brand name. It is difficult to assert the representativeness of such cases and only a rigorous study with such perspective may provide the final answer.

Access to international market: A stagnating home market has compelled the Indian capitalists to look for market abroad. The rising import bill and debt servicing charges have been additional

compulsive forces. The need for new markets are more in the Indian monopoly sectors where excess capacity has been existing for along time. Entry of Indian monopoly houses in the international market would run counter to the interests of international firms of developed countries, which had been dominating the international market for manufactured products. One way the international firms may prevent the entry of Indian firms in international market is to impose export restrictive clauses in collaboration agreements. From the RBI survey, it can be seen that 52% of all agreements in minority enterprises had export restrictive clauses. The corresponding figure for pure technical enterprises was only 37%.^{183/} Among all kinds of restrictive clauses, we find the export clauses to be the most import one. The international firms, in their effort to divide the international market among themselves, impose these restrictive clauses, and thereby force the Indian capitalists to confine themselves in the Indian market alone. This may be expected to become an important source of conflict between the Indian monopoly houses and the metropolitan bourgeoisie.

(iii) Control over the state: As technology is the trump card in the hand of metropolitan bourgeoisie, so is the control over the state in the hand of Indian monopoly houses. It is the Indian State which has tried to break the monopoly of foreign capital in some vital sectors of the economy like Petroleum, drugs etc. either by entering itself into these sector or forcing the foreign firms to

Indian collaborators along with them. It may be true that the degree of overall control over the Indian economy exercised by foreign capital has not been substantially reduced, but the nature of dependence of the Indian economy on the metropolitan economy has definitely undergone drastic changes. India is no longer dependent on a single national economy for the supply of technology, capital as well as market for its export. The very fact that the Indian government has assiduously tried to develop links with the soviet block suggests that the state has acted in a way to reduce India's dependence on a single economic power. The policy of import substitution along with some restrictions on indiscriminate import of foreign capital has definitely helped the Indian bourgeoisie in general, and the monopoly houses in particular to grow at a faster rate than would have been possible otherwise.

Section VI

A quantitative account of the Indian Bourgeoisie and petty bourgeoisie

The Bourgeoisie

Social significance of the bourgeoisie of any country lies in its control over the social means of production and not in its numerical preponderance. Nevertheless we have tried to give a rough estimate of the numerical strength of the bourgeoisie.

From the census figures, it can be seen that the number of industrialists (including directors and managers), traders, money-

lenders, bankers etc. has declined from 5895 thousand in 1901 to 5108 thousands in 1961, a decrease of 13.3%. So the social groups which could be considered to include all shades of capitalists engaged in non-agrarian activities, have been experiencing a contraction in number, both absolutely and relatively. The decrease has been mainly due to reduction in numbers of traders, bankers and moneylenders. Since the census occupational categories mentioned above includes individuals operating at every conceivable level of operation, it is not really possible to make any guess about the numerical strength of the bourgeoisie in India from such figures.

We have estimated the number of non-agricultural members of the Indian bourgeoisie from the income tax statistics which gives the income distribution of individuals having income from non-salary sources alone. Confining our attention to only those tax payers who earned non-salary income mainly from business and professions, and arbitrarily assuming that to qualify to be a member of the bourgeoisie an individual must earn at least Rs.10,000 per annum (pre-tax), we have thus estimated the numerical magnitude of the bourgeoisie to be 107 thousands in 1961. If we add another 26 thousands 'hindu undivided families', calculated in the same way, the total would come to be 133 thousands. This itself should be taken to be a gross over-estimate and still the bourgeoisie would be numerically an insignificant part of the urban population.

We have already noted that the organisational form most conducive to capitalist activities is the corporate form and we have indeed taken this form of organization as a defining aspect of the bourgeoisie. So a quantitative account of the bourgeoisie may largely be given in terms of a quantitative profile of the Indian private corporate sector.

A quantitative profile of the Indian Private Corporate Sector: In 1916-17, there were 2513 Indian joint stock companies, having a paid up capital of Rs.91 crores. On the eve of the second world war, the number has risen to 11,114 and the paid up capital to Rs.290 crores. The second world war gave a fillip to the Indian corporate activities, and between 1938-39 and 1945-46, 6229 companies were added to the list of Indian Joint stock companies. During the same period, the total paid up capital grew by 134 crores of rupees, an increase of 46% in a span of 7 years only. Interestingly, it was the private limited companies which had grown faster both in terms of numbers and paid up capital, during the 30 years period, preceding independence (see Table 4A).

Table 4B gives the numbers and paid up capital of Indian joint stock companies for some years from 1957 and onwards. From the table it can be seen that during the two decades, starting on 1957, there had been a considerable growth in the total paid up capital of the entire corporate sector including government companies (by almost 8.24%), although the number of companies registered

a modest increase of 57%. Within the entire corporate sector, the government companies had grown fastest, in terms of paid up capital and in 1977 the share of the government companies in the total paid up capital stood as high as 72.2%.

It is also interesting to note that within the private corporate sector, the public limited companies grew much faster than private limited companies in terms of paid up capital and in 1977, 75.3% of total paid up capital in the private corporate sector was in the public limited companies. And at the same time the number of public limited companies actually declined, from a 10,237 public limited companies in 1953-54 to 7746 public limited companies in 1977. This clearly suggests that a process of centralisation (perhaps along with a process of concentration too) has been going on in the private corporate sector.

Before going over to an analysis of the internal structure of the private corporate sector in India, let us briefly indicate the overall position of the corporate sector in the national economy. According to the estimates given by the working group on company law administration, formed by the Administrative Reforms Commission, the net value added in the corporate sector accounted for only around 12, 13 and 15 per cent of net domestic product in the years 1957, 1961 and 1963 respectively.^{184/} Recent estimates of the net value added in the corporate sector also suggest that the corporate sector still constitutes only a small part of the national economy. Even within the organised part of the national

economy the corporate sector accounts for only 29.5 per cent of the net product produced in the organised sector.^{185/} According to another set of estimates the private corporate sector's share in the net domestic product had never been higher than 15% for the entire post independence period upto 1975-76.^{186/}

It would be, however, wrong to conclude from the above observation that the corporate bourgeoisie in India has only an insignificant role to play in the national economy. Despite its relatively smaller contribution to the national economy, the corporate sector is the most highly organised sector of the economy. Apropos the vast and scattered unorganised sector, the highly concentrated nature of the private corporate sector makes it a very, if not the most, important segment of the national economy.

It may be also interesting to note at this point that non-corporate form of capitalistic activities in the non-agrarian sector has registered a phenomenal growth in recent times. Tables 4C.1 and 4C.2, give the number and total income assessed for different types of assess having income from non salary source only. It can be easily seen that 'registered firms' have achieved a spectacular growth both in terms of number and income. However, it should be borne in mind that many companies are able to avoid the tax net, by getting tax allowances on account of depreciation provision, new investment etc. Hence the income of companies as assessed by income tax authorities are generally lower than the actual total income of the companies. Nevertheless, the spectacular growth of registered

firm needs an explanation. According to one explanation, preferred by Ranjit Sau, the registered firms are essentially surrogate firms promoted by big monopoly houses who have resorted to such devices to siphon off the profits generated in the corporate sector to these largely unregulated firms to avoid taxes and circumvent other restrictive state policies.^{187/} Nature of the hypothesis being as it is, it is impossible to test the validity of it with the help of available data. There is also no evidence to suggest that the government policies have really stood in the way of growth of the corporate sector, and especially the monopoly section of it. It should be also pointed out that the bulk of the non corporate income from non-salary sources originated from the trading activities. In fact, it seems plausible to suggest that the spectacular growth of non corporate business activities indicate a vigorous growth of a large commercial bourgeoisie and petty bourgeoisie.

Monopoly houses in the Indian private corporate sector: The private corporate sector in India has a pyramid like structure where numerous small companies lying at the bottom account for a small share of the total paid up capital and few big companies make up the rest. In 1964-65, there were as many as 6450 public limited with a total paid up capital of 1353 crores of rupees. The small companies with paid up capital less than rupees five lakhs each made up 62.5% of total number of companies but among themselves they had a total paid up capital of sixty crores of rupees only

(i.e. 4.4% of the total). But 287 big companies (paid up capital above rupees one crore each) had among themselves 53.5% of total paid up capital, though in number they were only 4.5% of the total. Among the private limited companies, small companies dominated both in terms of number and paid up capital and there were very few big companies, accounting a far less amount of total paid up capital than in the case of public limited companies, (see the table 4D). Since the public limited companies, account for the bulk of the private sector capital, the overall picture that emerges is that of a highly skewed distribution of capital in the Indian companies. The picture remains same in 1971-72 also.

However, the business houses and not companies are of interest to us and we need to find out the degree of inequality among the houses Professor R.K.Hazari first identified 20 big business houses (two of them, namely Andrew Yule and Bird Heilgers were actually foreign controlled at that time) and these houses among themselves owned and/or controlled about 33.7 per cent of total assets in the private corporate sector (only public limited companies) in India. According to Hazari in 1951 the corresponding figure was around 30 per cent.^{188/} In other words, the inequality has increased between 1951 and 1958. The Monopoly Inquiry Commission (MIC) identified 75 top business houses in India (not all of them were Indian controlled) and these houses had among themselves total assets of 2606 crores of rupees, forming as much as 46.9% of total assets of non-government companies in 1964.

A comparable time series estimates of the assets and share capital of the monopoly houses are not readily available and it is difficult to assert anything firmly about the trend in the share of monopoly houses in the total share capital and assets of the private corporate sector in India. Recently N.K.Chandra has made an effort to grapple with this problem and has summarised all the available estimates to some extent.^{109/} But he could estimate the assets of some twenty leading houses only and his conclusions are, to say the least, inconclusive regarding the trend of the overall position of the monopoly houses in the private corporate sector. His main conclusion was that, - "over the whole period 1951-75 there has been no decline in the share of monopoly houses. On the other hand, it cannot be said either that there was a persistent and significant upward trend".^{190/}

Though we need not stop here to go into the merit of his own estimates of assets of top monopoly houses, and also that of the entire private corporate sector, we may simply note that there is no reason why one should restrict one's attention to a fixed group of 20 houses to measure the weight of monopoly houses in the Indian private corporate sector. It would have been more meaningful to compare the assets of only the top twenty or more houses at any given point of time with that of the entire private corporate sector. This would allow to incorporate the changing structure of the monopoly sector also and would be also a more meaningful indicator of the degree of concentration in the Indian private corporate sector. However, it has not been possible for

us to make such an attempt.

It is, however, possible for us to give some indirect evidence so as to suggest that the degree of concentration in the Indian private corporate sector has indeed been increasing in recent times. Firstly, the share of top 100 companies in the total paid capital and assets of the private corporate sector increased between 1965 and 1975. In 1965, the top 100 public limited companies accounted for 40.7% of total paid up capital and 35.7% of assets of all non-government public limited companies. In 1975-76 the corresponding figures were 46.0 and 43.2 per cent respectively.^{191/} Secondly, if we look at the following figures of growth rates of medium and large public limited companies, small public limited, small private limited and foreign controlled rupee companies, we would find that large and medium public limited companies are growing faster than smaller companies (public or private limited) and amongst the large and medium public limited companies are growing much faster. Similar results are seen regarding the growth rates of profits. This essentially suggests that within the private corporate sector a reorganisation in favour of medium and large public limited companies and within the latter a reorganisation in favour of foreign controlled rupee companies were occurring during sixties.

Table 4.14

Growth rate of sales and profit of different components of private
Corporate Sector

(Average of annual percentage increases)

Time periods	Constituent parts of the private corporate sector						
	Medium & Large public Ltd.	Foreign controlled rupee companies	Medium & Pvt.Ltd.	Small pub.	Small Pvt.Ltd.	Foreign Branches	
1. Growth rate of sales	(a) 1960-61 to 65-66	10.2	15.1	7.2	11.2	n.a.	6.7
	(b) 1965-66 to 70-71	10.5	15.2	7.3	- 0.3	6.6	1.9
2. Growth rate of profit	(a) 1960-61 to 65-66	2.9	13.0	1.1	- 0.8	n.a.	-3.1
	(b) 1965-66 to 70-71	11.1	17.6	1.5	-47.2	-20.1	-6.1

Source: Financial Statistics of Joint Stock Companies, RBI.

Reorganisation has also been going on within the monopoly sector also. A few like Mafatlal, Mahindra, Kirlusker and Modi, which were only small conglomerates in early fifties have come up very fast, while a few like Soorajmill Nagarmill, Sahu Jain and Gcenka groups have been pushed down the corporate hierarchy. In fact, there exists wide divergence of growth rates among the monopoly houses. But the top two houses, Tatas & Birlas have maintained their position and in particular Birlas have maintained a very high growth rate through out the period. The following table taken from N.K.Chandra show the changing structure of the top business houses, while the top two retaining their positions almost unaltered.

Table 4.15

Percentage share in assets

Source	Year	Share of top 10 in the assets of top 20	Tatas & Birlas in top 20
1) Hazari	1951	91.5	41.4
2) Do.	1958	91.5	43.8
3) MIC	1964	75.0	39.1
4) ILPIC	1966	75.0	41.2
5) B.Dutta	1968	75.6	41.7
6) Dept. of company affairs	1971	74.8	41.9
7) Economic	1972-73	73.7	40.1
8) -do-	1975-76	72.7	39.9

Source: N.K.Chandra, Monopolys and Industrial Licensing Policy Part A (mimeo), p.12.

Metropolitan bourgeoisie in the Indian corporate sector: Besides the Indian monopoly houses the most important position in the Indian corporate sector is held by the metropolitan bourgeoisie. Before we evaluate the relating position of foreign capital in the private corporate sector, let us note one important feature regarding operation of foreign capital in India in general.

Foreign capital in the form of loan, grants and business investments may be received by two sectors of the Indian economy, namely the official sector and unofficial sector. The unofficial sector comprises (i) the private sector, namely private industrial and commercial undertakings as well as state owned enterprises (ii) Banks and (iii) Insurance companies. The rest belongs to the official sector. The table 4E shows that Indian foreign liabilities has been continually increasing on official accounts, rather than on unofficial account. In 1973, as much as 82.2% of all foreign liabilities were on the official account. In this respect India's position may be sharply contrasted with those of few other Asian countries which are known to be excessively dependent on foreign countries. The following table brings out this point. The Indian government, however, continues to depend for its finance on foreign sources and it is clearly reflected in the distribution of internal and foreign loans contracted by the

Table 4.16

Private Receipts as percentage of total
resource flow (net) from foreign
countries

Years (1960-68)

Country	Share of private receipts (percentage)
1. Iran	41.5
2. India	0.9
3. Malayasia and Singapore (of which Singapore)	(94.4)
4. South Korea	41.2
5. Taiwan	48.2
6. Thailand	56.9

Source: Foreign Investment and Economic Development in Asia (ed.), N.K.Sarkar., Orient Longman, New Delhi, 1976, p.46.

Indian Government, as shown below:

Table 4.17

Summary of the debt position of Indian Government for
different financial year

As at the end of the financial year	External debt as percentage of total debt	Total public debt as percentage of national income
1950-51	1.56	21.55
1955-56	3.28	34.49
1960-61	16.07	35.59
1965-66	32.35	38.89
1970-71	46.84	42.90

Source: RBI Bulletin for different years.

Let us now find out the importance of the private foreign capital in the private corporate sector in India.

One of the earlier post-independent estimates about degree of foreign control of Indian capitalist sector was made by Charles Bettelheim.^{192/} He estimated the value of foreign direct investment in the private sector to be the order of Rs.441 crores of rupees in 1953 and total capital controlled by foreign estimators as Rs.841 crores of rupees. This made the foreign capital to "share the control of the Indian economy with domestic capital on what was nearly a fifty-fifty basis". Another set of estimates made by K.Mathew Kurien put the share of foreign capital in the "total private investment in the organised private sector" as 35.1%, 37.1%, 39.5% and 40.4% in the years 1953, 1955, 1957 and 1960 respectively.^{193/} According to Michael Kidron, "total written down foreign control assets in 1961 might be something over Rs.14000 crores".^{194/} And that would make the foreign controlled assets to be slightly more than fifty percent of the total in the organized or large scale private sector of 1961. Most of these estimates involved a number of assumptions with unknown validity, as the official statistics only gives India's foreign liabilities in the balance of payment of account, and not the actual control of productive assets exercised by the foreign investors in the Indian economy. From the official statistics, we can, however, get figures for value of foreign direct investment in India. In 1948, the value of total foreign direct investment in India was estimated to be 217.6 crores of rupees. It went

up to be 912.6 crores of rupees in 1972, an increase of 319.4% in a span of 24 years, - that is an annual compound growth rate of 6.15%.^{195/} It should be remembered that during 1950-51 and 1971-72, paid up capital of all private sector public limited companies grew annually by a rate of 6.7%. Therefore, possibly the overall importance of the foreign companies have not at least gone up; if not lessened. In fact, many of the sectors in which foreign capital had overwhelming dominance at the time of independence, like Petroleum, Jute, Tea, Rubber factories, Coal, have been during the last 35 years either substantially penetrated by Indian capital or nationalised. However, foreign capital has made fresh penetration into industries requiring sophisticated technology.

In 1976-77, total assets of foreign branches operating in India and foreign subsidiaries have been officially estimated to be 3827.9 crores of rupees.^{196/} At the same time, the total assets of four largest (Tata, Birla, Mafatlal and J.K.) have been officially estimated as 2453.2 crores of rupees. Despite the fact that the latter estimate is known to be an underestimate, we can see that in terms of total assets controlled. Indian monopoly houses as a whole have the leading position in the private corporate sector. This should not be, however, concluded that importance of foreign capital has been substantially reduced in the Indian economy. In fact, apart from the asset criterion, we need to use a set of other criteria, like share in the net value added in the private corporate sector, share in the sales, gross profit etc. According

to the RBI surveys on foreign collaboration, the total value added by manufacture in 1969-70 in the foreign subsidiaries and companies with a minority foreign capital participation was 750.5 crores of rupees, which was 20.6% of total value added by the non-government, non-financial public limited companies. It is also interesting to note that this percentage had been steadily going up during 64-65 and 69-70.^{197/}

N.K.Chandra has constructed a long term series of sales and profit of private corporate sector and foreign controlled rupee companies (FCRC).^{198/} It can be seen from his tables that between 1957-58 and 1971-72 the share of foreign sector in the total sales (i.e. sales of foreign branch and foreign controlled rupee companies as percentage of sales of private corporate sector including foreign branches) of the private corporate sector has grown from 26.1 per cent to 29.2 per cent. The share of FCRCs has rises from 17 per cent to 22.8 per cent during the same period. In terms of profit the share of FCRCs has rises from 26.6 per cent in 57-58 to 41.3% in 1971-72. Though foreign branches has not been growing at a very fast rate, the FCRCs appears to be the most dynamic part of the private corporate sector - a fact we have already noted.

The last point that we would like to note about the operation of private foreign capital is that the growth of these foreign controlled rupee companies has been financed mainly by internal accumulation and non by cash inflow in the form of technology and machinery, as the following figures show. In other words there has

Table 4.18

Long term foreign business investment flows to
foreign controlled rupees companies
 (Direct investment)

(Rs. crores)

Years	Nature of flows			Total
	equity	of which non cash flow	Retained earnings	
1963-64	18.1 (64.9)	14.1 (50.5)	9.8 (35.1)	27.9 (100.0)
1964-65	21.2 (51.0)	19.0 (45.7)	20.4 (49.0)	51.6 (100.0)
1965-66	14.7 (43.9)	12.1 (36.1)	18.8 (56.1)	33.5 (100.0)
1966-67	9.9 (39.9)	7.3 (29.4)	14.9 (60.1)	24.8 (100.00)

Source: India's International Investment Position -
 RBI Bulletin, August 1969.

been little inflow of risk bearing foreign capital in real terms.

Petty Bourgeoisie

In 1961, there were 2055 thousands employers in non-household industries outside agriculture. If we exclude the bourgeoisie, which we have estimated to be 133 thousands, the strength of the petty bourgeoisie would come to 1922 thousands or around 2 million people or 4.2% of total working force in non-household industries and services, or 3.8% of total non-agricultural working force. In 1971 the total number of employers

in non-household industries stood at 2239 thousands. In other words between 1961 and 1971, the increase in the total number of employers had been only 7%. Between 1951 and 1961, however, the total number of employers in non-household industries had increased by almost 73%. In other words, the ranks of petty bourgeoisie had expanded very fast only during the first two plan periods, when the Indian economy was also expanding. But from middle sixties, when the growth rate of Indian economy considerably declined, the petty bourgeoisie has at least not grown in number. But that does not mean that petty bourgeoisie had experienced during that time a contraction in their income also. In fact, as we have already seen the registered firms, which may be considered as one form of operation of the petty bourgeoisie mainly had grown very fast during the sixties.

Bulk of the petty bourgeoisie is active in retail trade, wholesale trade and other commerce which includes money lending banking etc. In 1961, only 22% of all employers in non-household industries were engaged in manufacturing, mining and construction. The remaining employers may be expected to belong to the petty bourgeoisie entirely. We do not have any figure of distribution of petty bourgeoisie in different industries. But the following table gives some idea about their distribution in different industries, remembering that not all employers in manufacturing industries are to be treated as part of the petty bourgeoisie.

Table 4.19Distribution of employers in different non-household industries (1961)

Industrial Division	No. of employers in the division (thousands)	Percentage to total
1. Primary Industries	121	5.9
2. Manufacturing, Mining, construction, electricity, gas	453	22.0
3. Wholesale trade	98	4.8
4. Retail trade	927	45.1
5. Other Commerce	41	2.0
6. Transport and communication	79	3.8
7. Other services	336	16.4
8. of which in personal services	210	10.2
Total	2055	100.0

Source: Census 1961.

The overwhelming importance of trading for the petty-bourgeoisie can also be seen in the distribution in different industries for non-company income tax assesses, which is given in the accompanying table 4F. The table shows that as much as 66.3% of total income assessed for the non-company assesses originated in commerce, transport and trade in the year 1961-62. An increasing trend in the share of these activities in the total income assessed for the non-company sector can also be seen from the table.

Within manufacturing, the petty bourgeoisie are mostly engaged in traditional consumer goods industries with low productivity and low capital intensity. For example, in 1959, 34.6 per cent of labour force in small scale industries (i.e. factories employing 50 crores less with power and 100 or less without power) were engaged in food industries like rice mills products, khandasai sugars and tobacco manufacturing. In 1970 the corresponding figure was 28.6%.^{199/}

So the petty bourgeoisie is seen to be engaged mostly in the distributive activities and in those manufacturing activities which are less technologically intensive and this offers less scope for monopolisation.

Table 4 AGrowth of private and public form of joint-stock companies in India

	1916-17	1919-20	1938-39	1945-46
1. All companies				
No.	2,513	3,668	11,114	17,343
Paid up capital (Rs. crores)	91	123	290	424
2. Public limited Companies				
No.	2,306 (91.8)	3,000 (81.8)	4,255 (61.7)	7,214 (58.4)
Paid up capital (Rs. crores)	85 (93.6)	81.8 (84.9)	61.7 (73.4)	58.4 (76.2)

Source: Company Law Enquiry Committee 1954, Statement No. E (p. 460, Appendix II).

Note: 1. Figures in brackets give percentage of number and paid up capital of public limited companies to their respective totals.

Table 4 BNo. and paid up capital of Indian Joint stock companies and its sectoral composition

Years ending on 31st March	All companies		Share of Govt. companies	
	No.	Paid up capital (Rs. crores)	No.	Paid up capital
1957	29357	1,077.6	0.25	6.74
1961	26149	1,818.7	0.54	30.08
1965	2,584	2,779.4	0.69	40.11
1969	27973	3,860.3	0.93	44.42
1973	34922	5,457.3	1.12	53.94
1977	46856	9,952.9	1.50	77.18

Source: Various issues of the Annual Report on the working and Administration of companies act, 1956 - Department of Company Affairs, Govt. of India.

Note: Share of Govt. companies in percentage figure

Table 4 C.1No. of assoscs with non-salary income by type of assessee

(Figures in thousands)

Year	Unregistered firm	Registered firm	Companies
1956-57	23	7	11
1960-61	28	15	10
1964-65	31	37	11
1968-69	31	87	15
1971-72	29	98	14

Source: Income tax revenue statistics - Central Board of Revenue (different issues) and Statistical Abstract - CSO (different issues).

Note: Unregistered firms are generally proprietary firms and registered firms are partnership firms.

Table 4 C.2

Net income (post-tax) of different groups of assesses, who have only non-salary income

(Rs. crores)

Year	Unregistered firms	Registered firms	Comapnies
1956-57	24.8	50.3	127.4
1960-61	25.7	123.4	126.2
1964-65	33.3	217.8	197.5
1968-69	48.7	531.9	277.0
1971-72	64.0	607.0	499.0

Source: Same as in table 4 C.1

Table 4 D

Size distribution of private and public Ltd. companies in the Private Corporate Sector

(Year 1964-65)

Size group (paid up capital in lakhs of rupees)	Private Limited companies		Public Limited Companies	
	No.	Paid up capital (Rs. crores)	No.	Paid up capital (Rs. crores)
0 - 5	90.9	43.2	62.5	4.4
5 - 25	8.4	36.2	22.1	11.8
25 - 50	0.6	9.4	6.6	11.1
50 - 100	0.1	4.4	4.3	14.1
Above 100	0.1	6.2	4.4	58.5
Total	100.0	100.0	100.0	100.0

Source: Financial Statistics of Joint Stock Companies, 1960-61 to 1970-71, RBI.

Table 4 EIndia's overall International Investment Position
(Liabilities only) by official and non-offi-
cial sector

(Rs. crores)

Year	Official sector	Non-official sector
Mid 1948	178.9 (35.3)	326
Mid 1955	206 (26.8)	562
End 1961	1629 (65.1)	875
March 1964	2437 (69.6)	1065
" 1969	7165 (80.1)	1782
" 1974	8493 (79.8)	2146

Source: 1. Survey of India's foreign liabilities and assets 1961, Reserve Bank of India.
2. RBI Bulletin, March 1978, May 1976, July 1975.

Note: 1. Figure in brackets give the official sector's liabilities as percentage of non-official sector.
2. Official sector excludes public sector enterprises.

Table 4 FDistribution of Income assessed for non-company
assesses by sector of its origin

(Figures in Rs. crores)

Year	Income assessed in				Total income assessed into non-company sector
	Retail trade	Wholesale trade	Total commerce Transport, communication	Finance	
1961-62	219.8 (41.8)	114.7 (21.8)	348.6 (66.3)	42.8 (8.1)	526.1
1965-66	223.7 (38.0)	168.4 (28.6)	406.1 (68.9)	33.5 (5.7)	584.2
1971-72	466.6 (35.5)	570.6 (43.4)	1049.6 (79.9)	31.6 (2.4)	1314.3
1974-75	660.1 (46.4)	509.8 (35.8)	1183.0 (83.1)	26.0 (1.8)	1422.6

Source: Income for Revenue Statistics.

Note: 1. Non-company sector includes unregistered firm,
registered firms and individuals.

2. Figures in brackets are percentages to column (6).

Table 4 G

Debt as percentage of Equity (Medium and Large Public Ltd. Company)
in companies with different assets size

Years	Asset size									
	Less than 25 lakhs	25-50 lakhs	50 lakhs - 1 crore	1 - 3 crores	3 - 5 crores	5 - 10 crores	10 - 20 crores	20 & above		
1965-66	6.9	12.4	19.7	23.5	20.2	24.1	26.7	33.6		
1970-71	11.7	16.6	22.9	26.3	25.4	28.5	29.2	37.6		

Source: Financial Statistics of Joint Stock Companies, Reserve Bank of India, Bombay (RBI).

Note: Companies with paid up capital more than equal to Rs.5 lakhs are included Medium and large group.

Table 411

Profit, interest, tax and dividend of medium and large public Ltd.,
companies of different asset size groups

Years 1965-66 to 1970-71

(Figures in Rs.crores)

Asset size	Gross profit	Interest	Tax as % of profit before tax	Profit after tax	Dividend	Net internal accumulation	
1. Less than Rs.25 lakhs	5.1	2.9	57.2	125.2	-0.6	1.8	-2.4 (net accumulation)
2. 25 - 50 lakhs	22.1	10.3	46.4	88.2	1.4	6.7	-5.3 (")
3. 50 lakhs - 1 crore	71.8	33.0	46.0	80.4	7.6	16.0	-8.4 (")
4. 1 - 3 crores	322.0	136.0	42.2	62.6	69.5	60.8	8.7
5. 3 - 5 crores	346.1	124.6	36.0	56.4	96.6	66.2	30.4
6. 5 - 10 crores	477.8	172.9	36.2	50.8	150.0	100.4	49.6
7. 10 - 20 crores	564.7	152.1	26.9	46.1	222.4	122.9	99.5
8. 20 crores and above	1267.5	291.7	23.0	40.0	585.1	331.7	253.5

Source: Financial Statistics of Joint Stock Companies, RBI.

Turn Over of Monopoly Houses in Various Industrial Groups
(percentage of turnover for each house
in different industries)

Table 4 I

Name of the House	Tea	Coal	Sugar	Cotton	Textile	Jute	Chemical	Paper	Iron & Steel	Electric goods	Cement	Pharmaceutical
1. Aming	-	-	-	-	-	-	2.3	-	-	19.3	-	28.5
2. B.N.	-	-	-	-	17.3	7.7	-	0.5	-	1.2	-	-
3. Bajaj	-	-	24.3	-	-	-	-	21.0	12.3	-	-	2.2
4. Dayer	0.4	-	2.1	31.3	24.9	-	-	14.0	-	1.3	9.5	-
5. Girda	2.0	0.6	5.5	25.2	4.0	4.8	8.7	5.6	0.5	2.0	2.0	-
6.	-	-	-	-	88.4	8.7	-	-	-	2.3	-	-
7. Goenka	11.4	0.7	-	20.5	-	2.2	-	-	-	-	-	-
8. Kirlosker	-	-	-	-	-	0.6	-	-	-	21.2	-	-
9. Mafatlal	-	-	4.0	80.2	-	6.3	-	-	-	-	-	-
10. Kilachand	-	-	10.4	12.4	-	-	16.7	-	-	-	-	-
11. Lalbhai	-	-	-	70.6	-	-	26.6	-	-	-	-	2.8
12. Shri Ram	-	-	8.6	-	31.8	-	21.4	-	-	9.9	-	-
13. S. Nagar Mall	9.4	-	7.6	8.2	-	47.0	3.4	-	2.2	-	-	-
14. Sahu Jain	-	-	6.2	-	-	19.3	2.0	16.6	-	-	30.7	-
15. Sarabhai	-	-	-	25.2	-	-	22.4	-	-	-	-	23.6
16. Tata	-	-	-	8.8	-	-	7.1	-	40.8	0.4	-	-

Source: Monopoly Enquiry Commission Report, 1965.

Table 4.3

Concentration in Product Markets and presence of houses in Product Markets which are highly concentrated

Name of the Product group	No. of product in the product group	No. of products for which a single company produces entire products	No. of products for which a single house produces 100%	No. of products for which 4 top enterprises produce or more of total produce	Among products in column (5) no. of products for which companies belonging to houses produce more than 75%	Among products in Col. 5, for which no house is present
1. Tools	66	35	11	30	8	17
2. Industrial Machines	70	18	8	52	8	18
3. Automobile and Allied Industries	102	41	6	60	7	32
4. Electrical Engineering	39	9	7	24	0	8
5. Instruments	19	5	0	14	0	13
6. Heavy Mechanical Engineering	15	2	1	12	3	3
7. Light Mechanical & Engineering	93	26	1	63	5	37
8. Metallurgical Industries	71	22	9	45	2	17
9. Alkali & Allied Chemicals	20	10	9	9	3	1
10. Acids Fertilizer	132	65	9	65	8	32
11. Alcohol & Organic chemicals	27	11	7	14	2	3
12. Insecticides, Plastic and Plastic chemicals	114	50	11	63	2	21
13. Dyes, products of Petroleum	42	8	2	34	6	8
14. Drugs & Pharmaceuticals	97	49	9	47	2	28

Table 4 J (contn.)

	1	2	3	4	5	6	7
15. Paper Industries		14	3	2	8	2	0
16. Mineral Industries		52	13	0	30	0	13
17. Cellulose & Timber		17	6	1	9	2	4
18. Leather & Leather goods		9	0	0	8	0	3
19. Rubber Manufacturing		73	15	1	57	0	47
20. Oils, Scaps & Paint		95	23	8	65	2	43

Source: Monopoly Enquiry Commission (MIC) Report, 1964.

Note: By house we mean Monopoly Houses listed in the MIC report.

Foot Notes to Chapter

- 1/ For a political economic analysis of capitalist development in India see (a) A.I.Levkovsky: Capitalism in India, People's Publishing House, New Delhi, 1966. (b) R.P.Dutt: India To-day, London, 1940. (c) Brian Davey: The Economic Development of India, Spokesman Books, London, 1975. (d) Charles Battleheim: India Independent, Monthly Review Press, New York, 1968.
- 2/ See Francois Crouzet: "Capital formation in Great Britain during the Industrial Revolution", p.162-222 in Francois Crouzet (ed.) Capital Formation in the Industrial Revolution, Methuen & Co., London, 1972.
- 3/ *ibid.*, p.167.
- 4/ Quoted from Paul Mantoux: Industrial Revolution in the eighteenth century: Janathan Cape, London, 1968, p.367.
- 5/ Levkovsky (*op.cit.*), p.229.
- 6/ *ibid.*, p.238.
- 7/ For an early description of the decline of Indian Industries due to colonial policy see: Ramesh Dutt: The Economic History of India, Vol.1, Publication Division, Ministry of Information and Broadcasting, 1970, p.176-200. See also D.R.Gadgil: The Industrial Evolution of India in recent times, Oxford University Press, 1942, p.32-47.
- 8/ The early Indian capitalists amassed their fortune mainly by this export - import trade, See Levkovsky (*op.cit.*), p.70.
- 9/ For a description of this process of integration of a backward economy in the world economic system see Paul Baran: The Political Economy of Growth, People's Publishing House, New Delhi, 1958, Chapter 5 & 6. See A.G.Frank: Dependent Accumulation and Underdevelopment, p.87-91.
- 10/ According to Dutt & Ghosh: "Permanent Settlement with its system of money rent, its free sale and mortgage provisions and all other market procedures made landlordism a business proposition in real estate instead of a traditional way of life. This quickly led to moneyed elements, specially traders or money lenders, putting money into it as investments. The entry of these new landlords destroyed at one stroke all the remaining customary rights of the tenants" - A.Ghosh & K.Dutt: Development of Capitalist relations in agriculture, People's Publishing House, New Delhi, 1977, p.19.

- 11/ Thus Gadgil has written "The decay of urban (pre-British) industry certainly heightened the pressure on land, not so much by an active migration from the cities (not that this was entirely absent), but by the retaining of people on land who would, otherwise, have been in due course absorbed into the urban industries", Gadgil (op.cit.), p.45.
- 12/ A.Ghosh & K.Dutt (op.cit.), p.41-43.
- 13/ Geoffrey Kay: Development and Underdevelopment, Macmillan, 1955, p.100.
- 14/ Thus Gadgil has written: "The craftsmen slowly gave up their old occupations, and had to resort to agriculture or any other occupation in which they found an opening" - Gadgil (op.cit.), p.150.
- 15/ For the importance of imported machinery in Indian Industries See Amiya K.Bagchi: Private Investment in India 1900-1939, Cambridge University Press, London, 1972.
- 16/ Quoted from Marx: Capital, Vol.1, p.703.
- 17/ See Cristopher Hill: Reformation to Industrial Revolution, Penguin Books, 1969.
- 18/ Thus Amiya Bagchi has written, "it was not only the interests of Lancashire that were served by a free trade policy in India; it served the interests of the imperial system as well" in A.Bagchi: (op.cit.), p.49.
- 19/ See Marx: Capital, Vol.1, p.706.
- 20/ About India's indebtedness in the colonial period See Y.S.Pandit: India's Balance of Indebtedness 1898-1913, London, 1937.
- 21/ See Thomas A.Timberg: The Marwaris, Vikas Publishing House, New Delhi, 1978, p.37-38.
- 22/ See Max Weber: The Religion of India (New York, 1958), pp.13-14, 86 and 91. For a critique of Weber's theory See Milton Singer's review of Weber's above mentioned book in American Anthropologist, Vol.62, 1961.

- 23/ As Rajni Kothari has written, "The British for the first time brought the whole sub-continent under one imperial rule and kept it under the rule of a continuous basis without fear of either disruption from within or aggression from without", Rajni Kothari: Politics in India, Orient Longman, New Delhi, 1970, p.38.
- 24/ See Albert Feuerwerker: China's Early Industrialization, 1958, p.30.
- 25/ As Ajit Roy has observed, "in 1947 large factories (employing productive capital of Rs.50 lakhs and above as against fixed capital of Rs.25 lakhs and above used as the criterion for classification in the present instance) constituted 4.1 per cent of the total number of establishments but accounted for 43.4 per cent of the gross output". From Ajit Roy: Monopoly Capitalism in India, Naya Prakash, Calcutta, 1976, p.47. See also Shigeru Ishikawa: "A comparison of size structure in Indian and Japanese manufacturing industries" in Hitosubashi Journal of Economics, Vol.2, March 1962, p.51-52.
- 26/ Charles Bettelheim (op.cit.) p.62.
- 27/ From Geoffrey Kay (op.cit.), p.96.
- 28/ For description of this structural dependence See Charles Bettelheim (op.cit.) & Michael Kidran: Foreign Investment in India, Oxford University Press, 1965.
- 29/ See Andre Gunder Frank: Capitalism and Underdevelopment in Latin America, Monthly Review Press, New York, 1967. Samir Amin: Accumulation on a world scale, 2 Vol2, Monthly Review Press, 1974. I.Wallerstein: The Modern World System, Academic Press, New York, 1974.
- 30/ A.G.Frank: On capitalist underdevelopment, Bombay 1975, p.94.
- 31/ *ibid.*, loc.cit.
- 32/ *ibid.*, loc.cit.
- 33/ *ibid.*, loc.cit.
- 34/ About the evolution of 'World Capitalist System' See I.Wallerstein (op.cit.).
- 35/ A.G.Frank: On capitalist Underdevelopment (op.cit.), p.43.

- 36/ For such criticism of Frank and others See E.Laclau: "Feudalism and Capitalism in Latin America" in New Left Review, May-June 1971, p.19-38. Also see R.Brenner: "The origins of capitalist development: a critique of neo Smithian Marxism" in New Left Review, July-August, 1977, pp.25-93.
- 37/ Quoted in A.G.Frank: Dependent Accumulation and Underdevelopment, Macmillan Press, 1978, p.6-7.
- 38/ Quoted from Gabriel Palma: "Dependency: A Formal theory of underdevelopment or a Methodology for the Analysis of concrete situations of underdevelopment" in World Development, Vol.6, July/August 1978, p.910.
- 39/ Some of the works falling in this broad spectrum are: 1. F.H.Cardoso & E.Faletto; Dependency and Development in Latin America, University of California Press, Berkley 1979. 2. Peter Evans: Dependent Development, Princeton University Press, 1979.
- 40/ Quoted from Cardoso & Faletto in Gabriel Palma (op.cit.), p.910.
- 41/ See the theses on colonial question adopted by Third International in Degras J (ed.): The Communist International 1919- 1943, Documents, Vol.2, Oxford University Press, 1969.
- 42/ See Ajit Roy (op.cit.), p.168-175. See also Levkovsky (op.cit.), p.309-327.
- 43/ Mao has characterized the comprador bourgeoisie in the following term - "The Comprador big bourgeoisie is a class which directly serves the capitalist of the imperialist countries and is nurtured by them, countless ties link it closely with the feudal forces in the country side". - Quoted from "The Chinese Revolution and the Chinese Communist Parties" in Selected Works of Mao Tse-Tung, Vol.2, Foreign Language Press, Peking, 1967, p.320.
- 44/ As Dobb has written "Since they (the big merchants of 16th century) were essentially parasites on the old economic order... their fortune was in the last analysis associated with that of their host. By the end of the sixteenth century this new aristocracy, jealous of its new-found prerogatives, had become a conservative rather than a revolutionary force; and its influence and the influence it had fostered, such as the chartered companies, was to retard rather than to accelerate the development of capitalism as a mode of production" in Maurice Dobb: Studies in the development of capitalism" (op.cit.), p.121-122.

- 45/ See Josef Steindl: Maturity and Stagnation in American Capitalism, Basil Blackwell, Oxford, 1952.
- 46/ *ibid.*,
- 47/ Some of the important treatise which give some insights into this aspect of Indian Economy are Uma J Lele: Foodgrain Marketing in India, Cornell University Press, 1971. L.V.Hirsch Marketing in an Underdeveloped Economy: The North Indian Sugar Industry, Prentice Hall, 1972.
- 48/ See R.K.Hazari: The structure of the corporate private sector, Asia Publishing House, 1967, p.5. This is in contrast to the situation in the developed capitalist country, as Baran and Sweezy writes: "Location of power (rests) inside rather than outside the typical giant corporation" in Baran and Sweezy (*op.cit.*), p.30.
- 49/ Hazari (*op.cit.*), p.5.
- 50/ *ibid.*, p.5.
- 51/ Nathaniel H.Leff: "Industrial Organization and Entrepreneurship in developing countries: The Economic Group" in Economic Development and Cultural Change, Vol.26, July 1978, p.664.
- 52/ *ibid.*, p.666.
- 53/ For the problem of logical definition of monopoly See Joan Robinson: The Economics of Imperfect Competition, Macmillan 1969, p.4-5.
- 54/ By this criterion some of the monopoly houses included in Monopoly Inquiry Commission (MIC) report cannot be considered as monopoly houses in our sense; for example Naudu groups in South India.
- 55/ See Monopoly Inquiry Commission Report, 1965 and also Licensing Policy Inquiry Committee Report, 1969.
- 56/ Peter Evans has described the relation between Brazilian bourgeoisie with the international capital in such terms. See Peter Evans (*op.cit.*)

- 57/ Mair Merhav: Technological Dependence Monopoly and Growth, Pregelman Press, 1969, p.30.
- 58/ *ibid.*, p.59.
- 59/ For an estimate of the excess capacity in different industries See: "Excess capacity and production potential in selected Industries in India" in RBI Bulletin, April 1969, p.471-492. See also John T. Wenders: "Excess capacity as a Barrier to Entry, The Journal of Industrial Economics, Vol.20, No.1, November 1971.
- 60/ For a similar argument See: National Council of Applied Economic Research (NCAER): Foreign Technology and Investment, New Delhi, 1971, p.17.
- 61/ Quoted from A.G. Frank: Capitalism and Underdevelopment in Latin America, Monthly Review Press, 1967, p.313.
- 62/ *ibid.*, p.373.
- 63/ For the contradiction between the bourgeoisie and the feudal lords See: Rodney Hilton (ed.): The Transition from Feudalism to Capitalism, New Left Books.
- 64/ For description of various components of technology See Frances Stewart: Technology and Underdevelopment, Macmillan, 1977.
- 65/ For example in 1951, the weight of 'machinery and except electrical machinery' in the Index number of industrial production was as low as 0.59 and that of basic metal industries was 8.85. See Subramaniam Swamy: Economic Growth in China and India 1952-1970, University of Chicago Press, 1973, p.36.
- 66/ See in this respect: Ashok V. Desai: The Origin and Direction of Industrial Research and Development in India - Working Paper No. 84, Centre for Development Studies, Trivandrum. A.V. Desai: "Research and Development in India" in Margin (NCAER, New Delhi), No.7, 1975.
- 67/ For the role of the bourgeoisie in shaping the state policies See Stanley Kochanek (*op.cit.*)
- 68/ About the import of technology in the Post Independent era See: Michael Kidren (*op.cit.*).

- 69/ Consumer goods - sugar, flour & confectionery, processed food, vanaspati and edible oil, soap, cotton yarn, cotton fabric, cotton composite, cotton other, matches, paper, contraceptives, drugs, detergents. Other consumer goods - alcohol, potable, cosmetics, tobacco, woolen (in carpets). Non woven fabrics, special finish paper, paper film, sanitary ware, stainless steel sheets, safety razor blades, utensils, light engineering (fans, sewing machines etc.), motor car, motor cycle and scooters, bicycles and components, electric lamps, starters, household appliances, office and commercial appliances, tele-com equipment.
- 70/ For the role of demonstration effect on consumer's choices and consequently industrial development see Ragnar Nurkse: Problem of capital formation in underdeveloped countries: Basil Blackwell-Oxford. 1966.
- 72/ NCAER, (op.cit.)
- 73/ "So the mechanism which, according to the classical theorists, distributes the fruits of technical progress consists of a long term trend of falling prices and constant nominal incomes. This mechanism implies competition, or as they would perhaps have said, this mechanism is competition" from P.Sylos-Labini: Oligopoly and Technical Progress, Harvard University Press, 1969, p.123.
- 74/ There are, however, some examples of price-war in few, mainly consumer industries. And interestingly it were the foreign firms which emerged as dominant undertaking through these methods. For example Hindustan Lever has been accused by Indian manufacturers of resorting to such practices, See Kidron (op.cit.), p.214. Similarly WIMCO has acted in similar way in the match industry.
- 75/ S.L.Shetty has written "disproportionately large increase in the output of man made fibres, beverages, perfumes and cosmetics, watches and clocks, finer varieties of cloth - all signify the emergence of an output structure that was increasingly getting elite oriented" in S.L.Shetty: "The structural Retrogression in the Indian Economy since mid sixties" Annual Number, February 1978, in Economic and Political Weekly, Bombay, p.198.
- 76/ See Sanjay Lall: "The International Pharmaceutical Industry and Less-Developed countries, with special reference to India" in Oxford Bulletin of Economic Statistics, Vol.36, August 1971, p.143-172.

- 77/ A study in respect of Latin American countries thus noted, "51% of the firm gave 'brand name' considerations as one of the reasons for licensing thus implying entry into a 'quality-segment' of the market in which standards had been set by foreign firms and foreign imports" - L.K. Mytelka: "Licensing and Technology Dependence in the Andean Group" in World Development, Vol.6, No.4, 1978, p.447-459.
- 78/ As Baran and Sweezy have written, "In an economic system in which competition is fierce and relentless and in which the fewness of the rivals rules out price outbidding advertising becomes to an ever increasing extent the principal weapon of competitive struggle" - Baran and Sweezy (op.cit.), p.120.
- 79/ Quoted from Economic Times, 27.10.1977.
- 80/ For a discussion of the inequality and concentration of income in India See the volume, T.N.Srinivasan and P.K.Bardhan: Poverty and Income Distribution in India, Statistical Publishing Society and also Pranab Bardhan: "The pattern of Income Distribution in India: A Review" in ibid., p.103-136.
- 81/ See N.K.Chandra: "Monopoly Legislation and Public Policy in India" in Economic and Political Weekly, Special Number, August 1977. Chandra cites many examples of these restrictive trade practices that are actually practised.
- 82/ See Monopoly Inquiry Commission Report 1965.
- 84/ See Restrictive Trade Practices in India, Vol.1, Enquiry No.22, and Enquiry No.23 of 1975 by Monopoly and Restrictive Trade Practices (MRTP) Commission.
- 85/ ibid., Enquiry No.23 of 1975.
- 86/ Many of these complaints have been voiced in Federation of Association of Small Industries in India (Fasii) bulletin, See for example Fasii Bulletin, March 12, 1965, p.5; August 12, 1965, p.6.
- 87/ See Restrictive Trade Practices in India: MRTP Enquiry No.7, 1974.
- 88/ ibid.

- 89/ For a description of the mechanism of such cartels and combines see E.A.G.Robinson: Monopoly 1948.
- 90/ Some of the earlier combines were Indian Sugar Mills Association (founded in June 1932). Similarly the Cement Marketing company of India was formed to regulate production on a quota basis. See for the early history of these combines and concerns. Levkovsky (op.cit.), p.283-308.
- 91/ See MRTP Enquiry No.80 of 1975.
- 92/ MRTP Enquiry No.1 of 1971.
- 93/ *ibid.*,
- 94/ For the importance of outside finance in the Indian monopoly houses See Aurobindo Ghose "Joint Sector and 'control' of Indian Monopoly" in Economic and Political weekly, June 8, 1974.
- 95/ See in this respect: A.Vasudevan: "Report on the Survey of small scale Industrial Units and Small Artisan - All India" in Technical Studies prepared for the Banking Commission, Vol.1, Reserve Bank of India, Bombay 1972, p.470-560.
- 96/ From the Economic Times, Survey of Industrial Giants in India.
- 97/ Reserve Bank of India: Survey of small Engineering units at Hourah. However a latter survey concludes that external borrowings has become very much important for small scale industries too. See "Financing of small scale industries: A profile" in RBI Bulletin, April 1980, p.208-233.
- 98/ See S.L.Shetty: "Deployment of commercial Bank and other Institutional credit". Add: The figures for later years for large and small sector respectively are (39.9, 12.1) - 1972; (42.9,12.6) 1974, Economic and Political Weekly, May 8, 1976, p.696-97.
- 99/ See Financial Statistics of Joint stock companies, RBI.
- 100/ For a discussion of the inequality in the corporate sector see Section VI of this chapter.
- 101/ For details of the licensing policy, see Industrial licensing Policy Enquiry Committee Report (LPIC): Department of Industrial Development, Government of India, 1969.

- 102/ LPIC (op.cit.), see p.49.
- 103/ Quoted from LPIC (op.cit.), Main Report, p.183, 184.
- 104/ LPIC Report, Appendix III.
- 105/ LPIC Report gives many such examples see LPIC Main Report (op.cit.), p.104-8.
- 106/ The other reasons are mainly of technical nature, like lack of proper project report, delay in submission etc.
- 107/ For example see: Aurobindo Ghosh: "Investment Behaviour of Monopoly Houses" in Economic and Political Weekly, October 26, No.2 and Nov.9, 1974. Also N.K.Chandra: Monopolies and Industrial Licensing Policy Report A & B (mimeo).
- 108/ Aurobindo Ghosh (op.cit.), Economic and Political Weekly, November 2, 1974, p.1813-22.
- 109/ Aurobindo Ghosh, ibid.
- 110/ See LPIC (op.cit.) Main Report, p.93-4 and Vol.III appendix IV-f.
- 111/ ibid., p.93-94.
- 112/ ibid., See Vol.III.
- 113/ ibid., for details of the scheduled industries see Appendix I A of LPIC.
- 114/ LPIC Main Report (op.cit.), p.66.
- 115/ For these instances see ibid., p.53-66.
- 116/ ibid., p.53-56.
- 117/ For similar arguments see LPIC Main Report (op.cit.)
- 118/ For the history of these financial institutions see LPIC Report, Vol.IV.

- 119/ Quoted from LPIC Report (op.cit.), Vol.IV.
- 120/ *ibid.*,
- 121/ *ibid.*,
- 122/ *ibid.*,
- 123/ *ibid.*,
- 124/ *ibid.*,
- 125/ *ibid.*,
- 126/ See LPIC Main Report (op.cit.), p.39.
- 127/ *ibid.*, p.49.
- 128/ See the allegations in the annual report of Bengal National chamber of Commerce, Annual Report, 1974.
- 129/ Bengal National Chamber of Commerce, Annual Report, 1973, p.72.
- 130/ See Bharat Chamber of Commerce, Calcutta, Annual Report, 1970.
- 131/ See Monopoly Inquiry Commission Report, 1965.
- 132/ See V.D.Lall: Taxation and Profitability: A Study of Business Houses, Economic and Political Weekly, Special No., August 1969, p.1619-1628.
- 133/ See the accompanying table.
- 134/ See Financial Times, 27th July\1977.
- 135/ For the operation of foreign capital in India See Michael Kidron (op.cit.), and K.K.Subrahmanium(op.cit.).
- 136/ See the Section VI of this chapter.
- 137/ For example, See B.Nagi Reddy: Indian Mortgaged, Hyderabad.

- 138/ For example, recently it has been argued that Soviet Union also represent an imperialist force and the famous chinese thesis is that the contradiction between American Imperialist forces and Soviet Imperialist forces represents the most important contradiction of the present day world.
- 139/ Levkovsky (op.cit.), p.308-12.
- 140/ ibid., p.312.
- 141/ Similar view about comprador bourgeoisie is largely prevalent in the Indian Political circles. For a definition of national bourgeoisie in the context of advanced countries, See Nicos Poulantzas: Classes in Contemporary Capitalism, p.70-71.
- 142/ Quoted Yen-P'ing Hao: The comprador in Nineteenth Century China, p.1-2.
- 143/ N.K.Sinha: "Indian Business Enterprise: Its Failure in Calcutta (1800-1848)", Bengal Past and Present", Diamond Jubilee Number, 1967, pp.112-113.
- 144/ Thomas A Timberg: The Marwaris, Vikas Publishing House, New Delhi, 1978, p.156.
- 145/ For example Birlas were not banians See Timberg (op.cit.), p.162.
- 146/ For this history see Stanley Kochanek, Business and Politics in India, Berkeley, California, 1974, p.134-40. Also see Timberg (op.cit.), p.156-57.
- 147/ Quoted in Rajat Ray: Industrialisation in India: Oxford University Press, New Delhi, 1979, p.304.
- 148/ For the history of FICCI see Stanley Kochonek (op.cit.).
- 149/ Quoted from Ratna Roy and Rajat Roy: "European Monopoly Capitalism and Indian Entrepreneurship 1913-1922" in EPW Review of Management, May 25, 1974.
- 150/ For a description of this change See Giovanni Arrighi: International Corporation, Labour Aristocracies, and Economic Development in Tropical Africa" in R.I.Rhodes (ed.): Imperialism and Underdevelopment: Monthly Review Press, 1970, p.220-267.

- 152/ Giovanni Arrichi (op.cit.), p.224.
- 153/ For an account of this changing behaviour of Indian Monopoly Houses See Michael Kidron (op.cit.), chapter 3 and 4.
- 154/ See LPIC Main Report (op.cit.)
- 155/ For definite of FCRC see "India's International investment position 1968-72" in RBI Bulletin, July 1975.
- 156/ The data regarding ownership patterns in selected countries showed that, "there is a strong preference for foreign direct investment to take the form of wholly owned subsidiaries and where this not so, the second choice is for majority participations in most circumstances" from M.Z.Brooke and H.L.Rommers: The Strategy of multinational Enterprises, Longman, 1970, p.260-261.
- 157/ For the description of this structural retrogression in the Indian Economy since mid-sixties see S.L.Shetty's article in Economic and Political Weekly, 1978 (op.cit.).
- 158/ For the real nature of these foreign loans and aid See: Toresa Hayter: Aid as Imperialism, Penguin Books, 1974.
- 159/ See Constantine V.Vaitsos: Inter country Income distributive and Transnational Enterprises, Oxford University Press, 1974, p.68.
- 160/ For the estimate of capital employed in subsidiaries see Foreign Collaboration in Indian Industry, Second Survey Report 1974, RBI, Bombay and for the estimate of capital employed by RBI sample companies, See Financial Statistics of Joint Stock companies, RBI.
- 161/ ibid. and RBI, Financial Statistics of Joint Stock companies in India.
- 162/ The history of this joint business venture is given in W.G.Friedman and G.Kalmanoff: Joint International Business Ventures: Columbia University Press 1961, p.451-455.
- 163/ See LPIC Report (op.cit.), Appendix II, the list of companies under the various industrial houses.
- 164/ See W.G.Friedman and J.P.Benguin: Joint International Business Ventures in Developing Countries.

- 165/ See Foreign Collaboration in Indian Industry 1968, RBI.
- 166/ *ibid.*, and also Financial Statistics of Joint Stock Companies, RBI.
- 167/ *ibid.*,
- 168/ *ibid.*,
- 169/ For the history of this collaboration see Friedman & Benguin (op.cit.)
- 170/ See the table 4.1, 4.2 and 4.3.
- 171/ See LPIC Main Report (op.cit.), p.49, and Subhendu Das Gupta: Foreign Technical collaboration in Indian Business Houses 1957-76: A quantitative Analysis (mimeo) Occasional Paper No.28, Centre for Studies in Social Sciences, Calcutta. We have depended mainly on Das Gupta's study since it gives collaboration figures for Indian Houses only, See Table 1, p.22 in this study.
- 172/ Subhendu Das Gupta (op.cit.), p.22.
- 173/ *ibid.*, p.25.
- 174/ *ibid.*, p.37.
- 175/ See N.K.Chandra: "Monopoly capital, Private Corporate Sector and the Indian Economy" - EPW, August 1979, Special number. also see S.K.Goyal: Monopoly capital and Public Policy: Allied Publishers, New Delhi, 1972..
- 176/ But it may be expected that the large sized firms are mostly controlled by the Indian Monopoly Houses.
- 177/ LPIC report gives instances, as in the case of Bata, Hindustan Lever, ICI, where dominant foreign companies were allowed to grow without any hinderance.
- 178/ See the footnote 175.
- 179/ See Peter O'Brien: Industrial Property in third world, p.388-89.

- 180/ Some of these restrictive clauses of collaboration agreement have been highlighted by Subhendu Das Gupta: Continuity of linkages: A study of the Transnational corporation in the Power Sector in India 1947-1967 (mimeo) Occasional Paper No.33, Centre for Studies in Social Sciences, Calcutta, 1980. See also Friedman & Benguin (op.cit.) and K.K.Subrahmanian: Import of Capital and technology: A study of foreign collaboration in Indian Industry, People's Publishing House, New Delhi, 1972.
- 181/ Quoted from Jack Baranson: Manufacturing Problem in India, Popular Prakashan, Bombay, 1970, p.107-108.
- 182/ Quoted from Friedmann & Kalmanoff (op.cit.), p.466-470.
- 183/ See RBI Foreign Collaboration surveys, quoted earlier.
- 184/ See Report of the Working Group on Company Law Administration, Administrative Reforms Commission.
- 185/ For estimates of the net values added in the private corporate sector See: V.V.Divatia and Kripa Shanker: "Gross and Net Value added in the corporate sector" in Reserve Bank of India, Staff Occasional Papers, Vol.2, No.2, December 1977 and N.K.Chandra (op.cit.) in Economic and Political Weekly, Special No.1977, Estimate of the net value added in the organised sector has been taken from N.K.Chandra.
- 186/ N.K.Chandra's article quoted in 185 above.
- 187/ See Ranjit Sau: "On Differentiation of the Indian Bourgeoisie" in Frontier, 1980, Calcutta.
- 188/ See R.K.Hazari: The structure of the Private Corporate Sector.
- 189/ N.K.Chandra's article quoted in footnote 175.
- 190/ *ibid.*
- 191/ See the article on top 101 companies in the private corporate sector in Company News and Notes (CNN), Department of Company Affairs, New Delhi, Vol.7, special No. June 1969 and also D.K.Ghosh, Hindred Non-financial top companies in the private corporate sector in CNN, Vol.16, October 1978, No.10.

- 192/ See Charles Bettelheim (op.cit.), p.58.
- 193/ See K.Mathew Kurien: Impact of foreign capital on the Indian Economy, People's Publishing House, April 1966, p.249.
- 194/ Michael Kidron (op.cit.), p.185-186.
- 195/ See N.K.Chandra: "Foreign Capital in India" in Social Scientist, Vol.5, No.9, April 1977.
- 196/ See reply to the unstarred question No.3167 in Lok Sabha, quoted in CNN, Vol.17, No.3, March 1979.
- 197/ RBI Foreign collaboration survey quoted earlier.
- 198/ N.K.Chandra: Foreign capital in India (op.cit.).
- 199/ See Statistics of Factories: Labour Bureau, Simla for respective years.

CHAPTER 4

THE WORKING CLASS AND OTHER INDUSTRIAL WORKERS

In Chapter 2, we have defined the working class as consisting of all non supervisory manual labourers engaged in material production (i.e. core sector) and employed in the corporate sector. The working class thus defined forms only a small minority among all manual and non supervisory workers engaged in the core sector (see appendix to this chapter).

Such a definition situates the working class in the most developed form of capitalist organisational framework. But capitalist relations of production gets expression in a number of other institutional forms. Particularly in a country like India, where a symbiosis of different modes of production exists, we may observe a juxtaposition of a variety of institutional forms of labour employment.

In terms of production of surplus too, there are numerous industrial workers (other than those included in our working class) who are engaged in the core sector and producing surplus over and above their subsistence requirements.

In other words, apart from members of the working class (as we have defined), there is a large many number of workers who are largely non-owners of means of production, who perform socially

necessary manual labour and who produce surplus which is appropriated by the owners of the means of production.

The question therefore arises why we do not club all these workers together and treat them as a single class.

The object of the present chapter is precisely to examine this question. We want to examine here whether there exists any objective causes which tend to stratify the general mass of industrial manual labourers into some distinct homogeneous social groups so that under varying economic and political conjunctures ^{these groups} exhibit similar response pattern within each group and dissimilar ones between them.

In Section I of this chapter, we discuss the objective factors that lead to heterogeneity among the industrial workers. In Section II, we identify three different groups of industrial workers and discuss the aspects of heterogeneity among these three groups. In the accompanying appendix some quantitative features of the industrial workers are presented.

Section I

Factors affecting cohesiveness among the industrial workers

Relationship with the owners of means of production

Firstly, we may distinguish broadly between two types of manual industrial labourers - workers with manifest (in a formal and juridical sense) subordinate relationship to capitalists i.e. wage

earners, and workers who do not have such manifest relationship, that is non-wage earning workers. This difference in manifest relationship with capital becomes a source of differentiation within industrial workers in so far as the formal aspect of this relationship determines the concrete form that the contradictions between capital and labour take.

Within the group of wage-earners, again there may exist differences in legal status of workers vis-a-vis capital. Different kinds of legal status of workers apropos capital create difference in the social environment for the workers concerned, which in its turn has a bearing upon the workers' mode of participation in the social conflicts.

Nature of the labour process^{1/}

There are essentially three aspects to any labour process, which are: (i) the nature of activity by the worker i.e. work itself (ii) the subject of that work (iii) and instruments for carrying out that work.

'Work itself' may be classified into two broad types - skilled and unskilled. The skill content of any work is determined by the nature and duration of required training, the minimum degree of accuracy desired and the speed at which a beginner can learn the job. It is difficult to demarcate the two types of labour unambiguously.^{2/} In reality we have only different degrees of skill associated with different types of work. There are, however, jobs which require

very little skill and which involve expenditure of human energy only.

The degree of skill involved in his work gives a worker an additional economic strength to bargain more effectively with his employer, provided, of course, there is a certain level of demand for that kind of skill, relative to its supply.

Historically, it has been observed that the highly skilled artisans had been the most organised ones and had powerful bargaining unions. Thus Henry Mayhew, while describing London Working people of the mid-nineteenth century wrote about this difference between skilled and unskilled workers - "The artisans are almost to a man red hot politicians. They are sufficiently educated and thoughtful to have a sense of their importance in the state. The unskilled labourers are a different class of people. As yet they are as unpolitical as footmen".^{3/}

It is possible to identify two broad types of skill. The skill of first kind is rooted in human knowledge and tradition and inexorably linked with the work itself. It is hardly possible to describe such a work process in terms of a series of well-understood mechanical motions. The skill of this kind is almost inseparable from the worker himself. Possession of such skill enables the worker to retain his control over his work to a large extent. The capitalist can extend his control over such a worker and his work only by expropriating his means of production.^{4/} Historically craft-based work-processes have been withering away under the pressure of more efficient

(from a capitalist's point of view) machine based production system.

In a situation where the 'independent' craftsmen coexist with the factory sector producing similar goods, the continued existence of skilled artisans is possible only if they are subordinated to some form of capital. It is generally the merchant capital which helps to perpetuate these skills but the artisans thereby are subjected to severe exploitation.

The second type of skill gets expressed in a worker's ability to handle machines and developed tools. There is a systematic and well formulated body of knowledge that forms the basis of such skills which can be learned in different industrial training institutes or sometimes in the factory-site itself (through apprenticeship). Workers with such skills cannot by themselves exercise any monopoly right over their skills and are unable to regulate the supply of such skilled labour. Such skilled workers are generally employed in the factory sector but for a few who can survive by selling some necessary services to consumers directly like electricians, plumbers etc.

Nature of the labour market: Labour is not a homogeneous commodity, having a uniform price and a single market. Fragmentation of labour market is a reality in the context of developed as well as underdeveloped countries.^{5/} To denote the fragmented nature of the labour market, Clark Kerr has used the term, 'balkanization of labour market'.^{6/}

A dual labour market model of primary and secondary market has been proposed for the advanced countries also. Heterogeneity in labour market has similarly been recognised in underdeveloped countries as by Hoselitz.^{7/}

As a consequence of these segmentation in labour market, "quite wide differentials in wages frequently persist among localities and types of work place, even within the same city" and there are "even greater variations in conditions of work, length of work day".^{8/}

These different kinds of involvement in labour market by different sections of workers create different material conditions, thus affecting their internal cohesiveness.

Standard of living: The principal determinant of standard of living is obviously wages (or income of self employed workers). Wage differentials exist for the same type of labour across the regions and within a region, across the industries and within an industry.^{9/} Presence of wage differentials per se cannot be taken as an indicator of differentiation within the industrial workers. But if there exists a systematic pattern of wage differentials, in conformity with the line of fragmentation in the labour market and if wage income of some worker families are so high that they are placed at a distance apart from others in terms of social, cultural and political practices, it can be taken as a source of stratification within the industrial workers.

Relationship with the pre-capitalist sector

The proletariat in a capitalist society are free wage labourers. They are free in a dual sense. They are free from the encumbrance of their pre-capitalist ownership of means of production and thus liberated from the nexus of precapitalist modes of exploitation. They are also free to sell their labour power in a market.^{10/}

This dissolution of all ties with precapitalist modes of production and exploitation creates the necessary condition for the emergence of a cohesive class of workers. To the extent the workers or a section thereof are not free in this dual sense, disarticulation in the internal homogeneity among workers will occur and their social practices will be vitiated by the vestiges of the past.

Other Sociological factors

Social institutions like caste, religion, ethnicity and nationalities permeates the consciousness of workers and acts as an effective barrier to the formation of an ideologically and politically coherent working class. Marx had thus noted the internal division within English worker: "every industrial and commercial centre in England now possesses a working class divided into two hostile camps, English proletarians and Irish proletarians. In relation to the Irish worker, (the ordinary English workers) feels himself a member of the ruling nation and turns himself into a tool of the aristocrats and capitalists of his country against Ireland."^{11/} The position of immigrant workers in the class structure of advanced societies also indicates how such factors like nationality and ethnicity tend

to split the workers along these lines.^{12/} In India also we have witnessed some of the most violent and widespread religious and communal riots in industrial towns and areas, with active participation of workers.^{13/}

It can be argued that the underlying reason for such a division within the workers is that the hegemonic ideology of dominant classes have a complete sway over the working people creating a false consciousness among them. And hence, it may be contended, there exists no objective basis for considering differentiation of workers along such line. But it would be incorrect to study social classes only at material objective level and deny the role of other social factors, ideological and cultural, in moulding of classes. And, therefore, such social factors must be considered as a possible source of stratification.

Section II

Three homogeneous groups of industrial workers

Keeping those six sources of divisions in view, we propose to classify the industrial workers into three homogeneous groups, one of which broadly coincides with the working class in our definition. These three broad groups are (a) permanent workers (i.e. those who are on regular payroll and employed not on a daily basis) in the organised part of the core sector (b) other wage earners i.e. casual labourers and workers in the small scale sector (c) self employed workers, owning little or no means of production. The group

(a) coincides broadly with our working class, though we have excluded the casual labourers employed in the corporate sector from this group, since there is no stable relationship between these casual labourers with the corporate bourgeoisie in the sense that they are not necessarily employed by the corporate sector alone and also when they are actually working for some corporate manufacturing firms, their formal employers may be labour contractors who as capitalists do not belong to the corporate sector. Before we discuss the qualitative aspects of these three broad groups let us take a brief look at some of their quantitative features.

The most important quantitative feature of the Indian working class is its minority position among the mass of industrial manual labourers. In 1961, only 32.74% of total manual labourers in the core sector were employed in the organised sector (for details see the appendix). Compared to 1901, the relative weight of the organised sector in the total employment of manual labourers within the core sector has increased. Within manufacturing activities, only 22.71 per cent of workers were employed in the organised sector in 1961. Within the unorganised manufacturing sector 83.53% were self employed (or family workers) in 1961. Therefore, in terms of numbers non-wage earners form the overwhelming majority among the mass of industrial workers. Workers earning wages are, however, mostly concentrated within the organised sector (i.e. factories). And within the organised sector workers are concentrated in large factories.

In 1961, for example, 57.28% of factory workers were employed by factories employing 500 or more workers.

The skill mix of the workers in manufacturing industries including household industries reveal the continued existence of the workers with traditional skill, such workers constituting 50.35% of total workers in manufacturing sector in 1961.^{14/} The workers with traditional skill were mostly concentrated in the unorganised sector (in household industries in particular). Weavers, potters, carpenters, tailors and dressmakers and leather shoe makers constituted the majority among these type of workers. It can easily be seen that these workers produce only consumer goods. There is little statistical evidence as to what extent these types of workers have been subordinated to capital. A study of village artisans carried out by the Planning Commission during 50's in a selected number of village only, found a large number village artisans (44.6% of total sampled artisans) producing use values for consumption in the villages they were residing, having little dependence on merchants for the sale of their goods.

Another interesting point that is to be noted is about the assymetry in spatial distribution of workers in the organised and unorganised sector. While the workers in the household industries (the largest part of the unorganised sector) are largely rural and widely distributed over India, the workers in factories are mostly urban and what is more, are concentrated in a few large cities. In 1961, for example 69.5% of all workers (manual and non manual)

in 'manufacturing other their household industries' were in urban areas and of these urban workers in manufacturing sector, as much as 62.6% were concentrated in class I cities (population more than one lakh).^{15/} It should be, however, remembered that this geographical concentration of industrial workers in a few big cities is a legacy of our colonial past, when industries could develop only in a few coastal cities which had the best communication links with the metropolitan countries. This geographical concentration was thus more pronounced in colonial days. For example, in 1933, Royal Commission of Labour reported that, "two small areas (Calcutta and Bombay industrial area) account(ed) for more than half the operatives".^{16/} In fact there was no other "centre with as many as 300,000 permanent factory workers".^{17/} After independence, though some more new industrial centres have sprang up, the overall industrial topography has not undergone any radical change.

After we have identified the above three groups of workers, we need to examine whether such a differentiation of industrial workers can be justified on the basis of the six factors that determine cohesiveness among industrial manual labourers. We will also have to examine relations between these groups of workers, conflicts of interests between them and their contradiction with other social classes.

Relations with owners of capital, for the three groups of workers

Each of these three groups of workers can be differentiated in this respect. The permanent workers in the organised industries

by definition, have a stable, juridical and well formulated relationship with their employers, entitling, which is more important, them to a number of social and economic benefits and rights, at least legally. The other wage earners though are directly employed by owners of capital, do not enjoy any such legal rights and economic benefits. They also generally do not have any stable relationship with any individual owners of capital.

The self employed artisans and selected workers, by definition, do not have any juridical relationship with owners of capital. But sizeable section of them are subjects to de facto subordination of capital, though at varying degree. They are provided with raw materials and product specifications and they work at their home for piece rate wages. It is merchant capital which brings them into contact with the market. The merchants act either as sellers of raw materials and other means of production or as buyers of produced goods or both. The merchants, however, exercise very little control over the actual labour process. There are other self-employed workers who have very little relationship with capital, produce only for local consumption or provide services for the consumption of final consumers.

The distribution of workers according to employment status as revealed in the first occupational wage survey conducted by Labour Bureau, shows that the bulk of workers in the factory sector were classified as permanent workers. Only in Tobacco Curing works and Match factories, most of the workers were classified as non permanent.

The following figures give the distribution of workers by employment status in some broad industry groups.

Table 5.1

Distribution of Workers by employment status

Industry Group	Percentage of workers classified as permanent	
	1958-59	1963-65
1. Factory Industry	78.7	80.5
a. Textile	85.0	88.9
b. Engineering	84.5	87.7
c. Others	64.9	61.9
2. Plantations	98.4	94.8
3. Mines	90.1	73.5

Source: First and Second occupational Wage Survey, Vol.1, Labour Bureau, Simla.

Note: Only workers who are directly paid by factories are considered. Hence labourers employed by labour contractors are not considered.

The survey, however, did not cover contract labourers as they are "neither borne on pay roll nor is paid directly". According to the report of National Commission on Labour, the practice of employing "contract labour prevails in varying degrees in almost all industries and services, it is more prevalent in mining and in the construction industry".^{18/} The extent of contract labour in certain selected industries where it exceeds 20 per cent is given in the following table.

Table 5.2Percentage of contract labourers in selected industries

Industry	Percentage of contract Labour to total labour in the industry	Reference Year
1. Port and docks	38.6	1957
2. Construction (PWD only)	60.0	1957
3. Metal extracting and refining factories	25.2	1959
4. Metal founding	22.6	1959
5. Metal rolling	27.0	1959
6. Lime Stone quarries	36.7	1962-63
7. Iron Ore	73.9	1956
8. Manganese Ore	65.8	1960-61
9. Rice Mills	21.7	1963
10. Dal Mills	26.4	1963
11. Salt	49.1	1963
12. Breweries and Mfg. of malt	28.6	1963
13. Cotton ginning, clean and pressing	21.8	1963
14. Jute Pressing	73.8	1963
15. Tarpaulin, tents, etc.	23.1	1963
16. Joinery and general woodwork	23.0	1963
17. Fire brick	24.0	1963
18. Agricultural Implements	24.0	1963

Source: Report of National Commission on Labour, p.419-20.

The differential benefits enjoyed by the permanent workers in the organised industries have been both due to movements launched by factory workers and due to the pressing need of large capitalist owners for a stable labour force.

The first Indian Factory Act was promulgated in 1881. It applied only to establishments employing 100 or more labourers. Seasonal factories were outside the purview of this act. It is interesting to note that this first act enacted by a colonial government came into existence less as a sequel to a long and arduous struggle on the part of workers than as a result of pressure brought upon the colonial government by a section of the British capitalists - notably the cotton mill owners of Lancashire, who were facing an increasing challenge to their monopoly position in the Indian market posed by the growing cotton mill industry of India. And hence the, "so called steps taken by the British government to regulate the service conditions of the worker related mainly to the cotton textile industry which was substantially owned by the Indian capitalists".^{19/} But such industries, as Plantations and mines which were mostly under British control and where the conditions of workers were similar to those of slaves, were not brought under any regulatory act.^{20/} Instead, legislations were enacted by the colonial government to forcefully tie down the plantation labourers who were recruited from distant areas of Bihar and United provinces. The factory act of 1881 and 1891 stipulated regulations of working hours for children and female labourers only. These acts did not fix the hours of work for male labourers, since colonial government could not "conceive of any conditions which can ever call for state interference in the matter".^{21/}

The "amendment of the Indian Factories Act in respect of the 60 hours' work" for all class of all labourers was, however, "largely the result of the strikes of 1919-20 several of which demanded a 10 hour day".^{22/} Most of these strikes were confined to the textile and engineering group of industries including railways.

This brief passage through history brings into sharp relief an interesting feature about the process of formation of the Indian working class. Thus it is true that Indian workers in manufacturing industries too had to launch arduous and hard struggles to earn and protect many of their legal rights which restricted and put a limit to the level of surplus extracted from them through elongation of working hours. But there was a complex interplay of other factors also, that helped a section of workers to obtain those rights which were denied to other sections of workers. The colonial state and its metropolitan sponsors, sometimes in their own interests, enacted legislations that benefitted a small section of workers. Thus the conflicting allegiance of capital itself was an additional factor in developing heterogeneity within the industrial workers.

These different types of ~~judicial~~ relationship with capital, for the three different groups of workers have important bearing on the form of exploitation that these groups of workers are subjected to. Since increased production of surplus value by the prolongation of the working day is not possible for the permanent workers in the organised sector, production of relative surplus value, by hastening of the further improvement of machinery is the

only way left for capitalists to intensify their exploitation of workers and thereby accelerate the process of capital accumulation. So these workers are to struggle against intensification of labour, against introduction of labour saving machinery and against consequent reduction in their share in total value added.

For the workers in the unorganised industries and non-permanent workers in the organised industries, primitive form of capitalist exploitation (viz. prolongation of working hours, bad working conditions, very low wage) is still more the rule than the exception. Most of the studies on contract labourers and on workers in the unorganised industries show that these workers have to work longer than the permanent workers in the organised industries.^{23/}

The permanent workers in the organised industries engage in struggles with capital in an institutional framework, where conflicts in economic issues are, so to say, internalised or incorporated within the capitalist system. In case of other wage earners, at least for majority of them, conflicts are "produced above all by the lack of incorporation of (these workers) within the institutional framework" of capitalist organisation.

For the self employed workers, nature of relation with capital will also determine their nature of contradictions with owners of capital. For those self employed workers who have substantial relationship of subordination with owners of capital,

without being employed by capital formally, the nature of contradiction would be same as in the case of wage earners in the unorganised sector. For those workers who are in substantial control over their own labour and also own a part of their means of production (apart from raw material) and who have to buy raw material and sell their production in the market, contradictions with capital, mainly merchant capital, may arise due to the latter's monopoly position in the market. The merchants may thus charge higher prices for raw materials and force the self employed artisans to sell their products to them at cheap prices. Through this process of unequal exchange, the self employed artisans get impoverished and gradually loose control over their own labour also. In the present day developed countries, such a process resulted in complete separation of these workers from their means of production and in the end these workers became employees of capital directly. But in India, we find that the impoverishment of these working masses have not resulted in a complete proletarianisation in a formal sense. In other words they are condemned to remain in their self-employed status.

Thus we find that the difference in the nature of relationship with capital entails, different kinds of contradiction with capital for different groups of workers and here obviously lies a source of differentiation among the mass of industrial workers.

Nature of the labour process involving three different groups of workers

We have already noted that the skill content of work itself and nature of instruments used, which are not independent of each

other, are two of the major sources of differentiation within the industrial workers. The three groups of workers that we have identified, can be shown to have specific characteristics of their own regarding these two aspects.

The permanent workers in the organised industries generally, not the entire section of it, perform skilled or semi skilled jobs. They do not possess traditional handicraft skills, the destruction of which is always associated with the rise of factory system, based on machines. With the introduction of machines, however, new skills are brought in, which are skills of machine minding. The permanent workers in the Indian factories generally perform these skilled or semi-skilled jobs of tool handling or machine minding. The unskilled categories of jobs, which require in the main expenditure of human energy, are performed by contract or casual labourers. Though it is difficult to substantiate any thing specific about the nature of work performed by permanent workers, it is not so in the case of contract labourers. Most of the studies on contract labourers have noted the unskilled character of their work.^{25/} A study on contract labourers cites the following cases where contract labourers were engaged and in all cases, contract labourers carried out only elementary unskilled jobs. In one case "a sugar factory required a contractor to supply labour for stitching sugar bags whenever the stitching machines went out of order".^{26/} In another case, "a contractor supplied labour to a cotton textile mill in Ahmedabad for loading cotton waste in trucks".^{27/} The industries

which show relative predominance of contract labourers, like construction and mines are those which require relatively more unskilled labourers.

Most of the self employed workers are skilled workers like weavers, potters, goldsmiths, cobblers etc. Workers with traditional skill constitute the majority among them.

In the large scale factory sector based on machinery, a complex structure of cooperation is called for among the workers to run the production process smoothly. That structure of cooperation provides material preconditions for achieving high degree of solidarity among the workers. Such a degree of co-operation at the working place is normally absent for the second and third group of workers. For the third group of workers (i.e. self employed ones), craft base of their work may form a material basis in one single craft to be organised more readily. But the widespread geographical distribution and practice of carrying out production in individual households may turn out to be barriers to emergence of any effective organisation with considerable bargaining power. But there is no immediate reason for the workers in different crafts to get organised.

The objective potentiality for developing organisational solidarity and effectiveness of that organisation in terms of bargaining power, both will depend, for any particular group of workers, on the form of their mutual intercourse within the sphere of production

and also on the relative demand or scarcity of their specific labour. In this respect the highly skilled labourers in the large scale factory are most well placed. At the other extreme lies the raw and unskilled labourers in the unorganised sector. The position of the skilled self employed artisans are not much better since they are always threatened with extinction by the factory sector. They can survive only by accepting a very low level of living and severe exploitation by merchant capital.^{28/}

Labour market aspect

The fragmented character of labour market in India as any where else is a well recognised phenomenon. Presently we need to show that three groups of workers stated above, exhibit a certain level of uniformity within each group in respect of labour market characteristics.

The self employed artisans or craftsmen are by definition excluded from the ambit of labour market. For those among them whose products have not yet taken the form of commodity proper, who serve a village community on a barter basis, customary rights and dues from the members of the community become the main determinants of their income. The importance of this group in terms of magnitude is difficult to estimate. The following table based on a survey conducted during 50's shows that, upto the period of the study at least, the customary basis of payment was not non-existent and was important for some crafts.

Table 5.3Extent of customary payment for some selected artisan workers

Sl. No.	Type of Artisanship	Total no. of household in the sample	Percentage of artisans household servicing on customary basis
1.	Carpentry	81	61.0
2.	Bamboo & cane work	45	4.4
3.	Tailoring	35	8.6
4.	Blacksmiths	35	85.7
5.	Masonry	22	0.0
6.	Weaving	49	0.0
7.	Pottery	34	0.0
8.	Cobblers	29	25.9
<hr/>			
All types (including others)			

Source: A study of village artisans: Planning Commission, New Delhi, 1956.

Note: For details of the coverage etc. see footnote 29.

It is to be noted that the crafts which are mostly served against customary payments, generally provide direct services to the final consumers. The services of two such crafts as blacksmithy and carpentry, "are most essential for cultivation purposes, because without ready and timely availability of these, cultivation would suffer seriously".^{30/} Such workers exist as an inseparable part of the localised village economy.

The bulk of the self employed workers are engaged in commodity production. Though their skills and labour are not traded as commodity in the labour market, either by choice or by compulsion of the market itself, any discussion of the fragmentation of labour market has to include them so far as they affect the operation of the labour market by their presence as a potential source of new entrants in the market and a depository of the rejects.

Income of the self employed workers producing commodities depends on (a) level of demand and supply of products produced by them (b) productivity of worker (c) role and bargaining strength of the intermediaries who intervene between the workers and market for both raw materials and finished goods (d) price of the product of factory sector, if the same kind of product is also produced in the factory sector.

Since income of these workers depend directly on the volume of output an increase in productivity will increase income of these workers, provided the increased output finds a market. This brings in the question of demand for the products of these skilled workers. If the supply of such skilled workers are limited, which may be due to their specific caste origin or due to the difficulties in learning the trade, an increase in demand, may have a positive impact on their income. But for a given level of demand and supply of such skilled workers the structure of product market and input market will largely determine the level

of income of such workers. If the products are brought by a few big merchants who dominate the market and there is no easy way of reaching the direct consumers by the actual producers, income of those workers cannot possibly reflect the real state of the demand of their outputs. This is particularly true for some luxury handicraft items which are sold at fancy prices at large urban centres in India and abroad.

When self employed workers produce goods, close substitute of which are also produced more cheaply in the factories, the artisans have to perforce accept a level of income, lower than it would have been otherwise, since products produced by them can find a market only if it were sold below the price of factory produced goods. Profits received by the middlemen, if they exist, will further reduce their share in income received per unit of output.

The income level of the self employed workers are generally below the wage income of an average workers in the organised industries large or small (for detailed figures see the appendix). But on the average they earn a little higher than those employed in unorganised sector. Among the self-employed workers, there is considerable variation in their per capita income. Skilled artisan engaged in making jewellers, carpentry and tailoring are among the highest earners within the group of self-employed workers.^{31/} But still they are worse off than those employed in the organised sector (large scale). Cotton weavers, though highly skilled earn much less than those engaged in jewellery, carpentry and tailoring.

The reason for this probably lies in the competition offered by cheaply produced mill products. This forces the self-employed artisans to accept a very low level of income so that they may survive in competition with the factory sector. Furthermore, the structure of the market which is dominated by big merchants also has an determining influence on the level of income of these workers.

Whether the self employed workers form a part of the 'reserve army of labour force'^{32/} is a moot question. Conceptually, the 'reserve army of labour force' is not identical with the mass of unemployed workers. For Marx, this 'reserve army' only represented a pool of workers who were outside the capitalist sector but could be brought into the capitalist wage nexus whenever situation demanded. For example, Marx described the domestic servants as 'an industrial labour force', "that shall be ready at a moment's notice"^{33/} of capital. Though these self-employed workers of our country and time are excluded from the capitalist sector, their exclusion is not a periodic phenomenon. These workers, so to say, no longer "constitute a 'reserve' for these hegemonic levels of production but are excluded labour force which as changes in the technical composition of capital progress, loses in a permanent and not in a transitory way the possibility of being absorbed into these hegemonic levels of production and especially in urban industrial production which has hegemony within the overall economy".^{34/}

The labour market characteristics of those employed in the unorganised industries and for the non permanent categories of workers in the organised industries differ from that of permanently employed skilled workers of the organised sector. The most important point of difference is that the determinants of wages are not same for the two markets.

The Marxian theory of wages is basically a subsistence theory of wages which in its crudest form states that wage should be sufficient only to replenish the labour spent so that the worker can continue to work for himself and also for his employer. This notion of subsistence necessary for the reproduction of labour power is extended at least two ways by Marx. One is that "the sum of the means of subsistence must include the means necessary for the labourer's substitutes, that is, his children".^{35/} Secondly, the expenses of "education enter pro-tanto into the total value spent in its production".^{36/} The subsistence wage, therefore, consists of two parts - one part consists of the wage directly required for the daily reproduction of labourer's self, the other part is necessary for bringing up a family.

For the permanent workers, the wages tend to include both these parts but this is not true for other wage earners. Under certain conditions, it is possible for the capitalists to avoid paying the workers a subsistence wage in this extended sense. The most important condition is "the availability of a supply of labour power which is produced and reproduced outside the

capitalist mode of production".^{37/} In other words, if there is an abundant supply of unskilled labour from the non capitalist sector, the capitalists can afford not to pay the indirect elements of wage, which ensure a supply of labour in future.

Dipak Mazumdar, in a study on Bombay textile labour found that the supply price of permanent labourers was higher than the casual labourers, since the permanent labourers migrated with families to Bombay, which was not the case for a large section of casual and other non permanent category of workers.^{38/} In fact, the unskilled labourers in the unorganised industries even do not get the officially prescribed minimum wages, as the following figures show:

Table 5.4

Actual and official minimum wage rates (daily) in some states for unskilled male labourers 1960-61

States	Actual minimum wage rates (Rs.) 1959-61	Official minimum wage rates (Rs.)
Andhra	1.25	1.50 - 1.75 (1961)
Bihar	1.25	1.75 (1961)
Madhya Pradesh	1.25	1.25 - 1.75 (1959)
Punjab	1.75	2.00 (1965)
Rajasthan	1.25	1.50 (1959)
West Bengal	1.25	1.75 - 2.00 (1960)

Source: S.N. Guhathakurata, Minimum wages in the construction Industries, E.P.W., March 11, 1972.

Within the organised industries, there is a substantial variation in wages of industrial workers in different industries and within an industry between different working class occupations. Wage differentiate measured as a ratio of the lowest to the highest mean wages in each industry was as high as 6.6 for the entire organised manufacturing sector, for the year 1958-59. The corresponding figure for 1963-64 was 8.3. The dispersions of wages of unskilled labourers (called mazdoors) was much lower, the corresponding figures being 4.0 and 3.0 (approx.) respectively. This suggests that the labour market for unskilled labourers are more homogeneous than that of skilled ones. We can see from the table in the appendix that the high wage industries are generally capital intensive and dominated by large scale factories. The low wage industries on the other hand are more labour intensive, involving not much modern skills. There is a large unorganised sector for these industries also. Some of these low-wage industries like Bidi factories, Match factories (excepting the mechanised one owned by a foreign company) and Cashewnut factories are not mechanised to any significant extent. Since factory act defines a manufacturing establishment as a factory by the size of employment, many establishments in these low wage industries have been classified as factories. If use of machine is taken another defining criterion, many of these establishments would not have been classified as factory.^{39/} If we have defined the factory sector properly, permanent workers in the organised sector (i.e. factory sector) would have been clearly differentiated from the rest of the wage

earners in terms of wage level.

Standard of living

The principal determinant of standard of living is obviously wages and we have already discussed the differences in wage (or income) level of three groups of workers. There are, however, other monetary and non-monetary benefits which also, to some extent, determine the real standard of living of industrial workers. Only permanent workers in the organised sector and especially in the large monopoly sector, enjoy such benefits like provident funds, E.S.I., subsidised housing etc.^{40/} Neither contract nor casual labourers in the organised sector and wage earners in the unorganised sector enjoy such benefits. For self employed workers, obviously no such provision exist.

One component of wage that is meant for protecting the present standard of living of workers is the portion of D.A. In most of the industries, a large number of permanent workers in the factory sector receive D.A.^{41/} Only in a few industries in the factory sector, the percentage of workers receiving D.A. is very small viz. in industries like Bidi factories, Match industries etc. As we have already seen, these are the low wage industries.

So we find that except a section of workers in the organised sector, the bulk of the wage earners are subject to the steady eroding effect of market prices. It is not that the permanent workers of the organised industries are not subject to such forces

but we can only say that they are better provided against any impact of short term changes in price levels.

Relation with the pre-capitalist sector

'Agricultural Background' was the first chapter of an early treatise on the Indian working class.^{42/} The 'village nexus' of the Indian factory workers has been repeatedly stressed in almost all writings on Indian Workers, beginning with the report of Royal Commission on Labour. This report stated that "in India the migration from the rural areas to the factories is not in the main a permanent exodus".^{43/}

According to this report, those who had no village ties and looked up to the city as their home were only a small percentage of the total labour force. This report became the starting point of many later day studies on so called 'commitment to work' of Indian industrial workers, which tried to correlate the labour productivity with a high rate of turnover of Indian factory workers.^{44/} This high rate of turnover of factory workers has been linked with the agrarian connection of the Indian workers. Ownership of land by industrial workers, it has been argued, was one aspect of this link with the agrarian sector. For example labour Investigation Committee of 1946 under the Chairmanship of Rego carried out a survey of industrial workers in Bombay City on a sample basis and found that as much as 45.07 per cent of workers owned some land in their village.^{45/} However, it was found that very few of such workers were directly engaged in cultivation. Another survey

carried out in a much later period (during 60's) among West Bengal Jute workers' families found that only 42 per cent of workers' families did not own any land. It should be, however, admitted that there is hardly any nation-wide data to estimate the actual extent of agrarian link that the industrial workers in India possess. But the general impression that prevails, and which is not contradicted is that a large portion of Indian workers continue to have, social and economic relations with the Indian villages. This is to be expected in a country where agriculture still holds sway over the national economy. This continued existence of ties with the agrarian sector, can hardly be explained by any psychological propensity of the Indian workers. Rather it should be taken as a measure of weakness of Indian capitalism which has failed to completely expropriate the peasant masses of their means of production. As we all know, the basic pre-condition for the development of an urban 'free labour force' is a radical restructuring of the agrarian system of production. The uprooted peasant masses and rural artisans have always been in developed countries, the source of urban proletariats free from all ties with the pre-capitalist sector. In India this process of expropriation of rural masses has occurred in an extremely slow pace. And as a result we have an settled urban labour force of much smaller size.

These village ties of workers have an important bearing on the class practices of workers. If a permanent worker in organised industries retain ties with his native village and in fact if he

or members of his family own some land there, he would be always interested and sometimes be able in preserving and augmenting his owned land. It may so happen that he employs some agricultural labourers in his land and has a direct conflict of interest with his labourers. Now when these low caste agricultural labourers come to work as unskilled casual labourers in cities, the class differences between them obtaining in the agrarian sector would have an important reflection on the new relations that emerge between them in their role as wage earners. Furthermore, there cannot exist any organised urban proletariat, if there is no urban settled, labour force. During a strike, for example, some of the workers may go away to their own native villages to survive and no active participation in such organised protest on the part of such workers is possible and no active class solidarity can be achieved between these workers. There is another side to this picture also. Retaining of village ties may also help the workers to have an added bargaining strength, to the extent they can fall back upon their agricultural incomes to sustain them during a period of prolonged conflict with their employers.

Other sociological institute

Institutions like caste, religion, language and ethnicity are also important factors that tend to create divisions among the workers. The net effect of these institutions is to create false consciousness among the working masses and divide them in their life-practices, through they may have similar positions in the production structure.

In some recent studies of factory workers, it has been shown that the majority of factory workers belong to the upper castes. For some modern industries like aircraft and automobile industries, the percentages of upper caste workers in the total number of workers are as high as 77 and 67 respectively.^{46/} On the other hand lower castes^{and} tribals are mostly engaged as contract labourers and as unskilled labourers of different categories. In other words, the hierarchy of the traditional society along caste lines is not done away with in the emerging industrial society and caste differentiation, tend to reinforce the differentiation among industrial workers due to reasons described above.

In this chapter we have identified three broad groups of industrial workers and analysed the factors responsible for creating this differentiation. We have also indicated the conflicts and divergence of interests that may arise between these three groups as a result of their different positions in the structure of social production. It is not to be concluded that there is no basis for unity among them. Since they all produce surplus which is appropriated by owners of the means of production they share a common interest in reducing the share of appropriated surplus in the total net product produced by them. But among them, the working class (as we have defined) definitely enjoys the most privileged position in terms of conditions of employments, earnings and other social benefit. To the extent a radical restructuring of the existing system of production and a redistribution of income endangers

the privileged position of the working class relative to the rest of the working masses, the working class would be loath to cooperate with the other sections of the oppressed working masses in bringing about this structural change. But it is also true that, to the extent the bourgeoisie tries to pass over the ill effects of the capitalist crisis to the working class and thereby reduces the social and economic differences between the members of the working class and rest of the working masses, there exists a potential for the working class cooperating with other workers for the overthrow of the existing system of production.

Appendix

A quantitative account of the industrial workers in India

In this note we present a quantitative account of the industrial workers in India. The source of data and adjustments made there of remain same as has been explained in the appendix II of chapter 2.

Industrial distribution of workers

In table 5 A.1, the distribution of manual labourers in various industries belonging to our core sector has been presented. The salient features emerging from the table are the following:

(i) In 1901 4.8% of the manual labourers in the core sector were engaged in the organised core sector (i.e. factories, railways, etc.). If we had taken the entire mining and the construction workers in the organised sector, the proportion of workers in the organised sector would still be as low as 11.6%.

(ii) In 1961, workers in the organised core sector as a percentage of total workers in the core sector rose to be 33.5%.

(iii) Within the manufacturing sector, the proportion of workers in the organised sector were 3.8 and 23.1 percentage in 1901 and 1961 respectively. All these figures strongly suggest that the working class as defined by us is still a minority among the industrial workers who may be taken to be producing surplus. However,

between 1901 and 1961, the magnitude of the working class vis-a-vis other industrial workers increased substantially. That a large proportion of persons with working class occupations still remain outside the wage labour system can be seen from the tables 5 A.2.

Although the organised manufacturing sector employs much less workers compared to the unorganised sector, the concentration of workers in large enterprises employing 500 or more workers within the organised sector is quite high. As for example, in 1961, as much as 57.3% of all factory workers were employed by such large enterprises.

Most of the workers in 1961 were in rural and areas. Of the total production process workers in 1961 (i.e. the broad census occupation division 7 & 8) only 37.49% were in urban areas. Of the workers in household industries, only 19.94% were in urban areas. The corresponding figures for production process workers in non-household manufacturing industries were, however, quite high (68.44%).

Most of the workers with traditional skills, in 1961, were in the unorganised sector, especially in household industries (see table 5 A.3).

Structure of Earning

Table 5 B.1 gives the average monthly money earning (wages, salary and benefits) of workers in both large and small scale, organised manufacturing industries and mining industries; coal mines have been taken to represent the organised mining sector. It can be seen

from the table that there exists substantial wage differentials between small scale and large scale industries in the organised sector.

Table 5 B.2 shows the earning differentials that exist between wage earners in the organised manufacturing (large and small) and unorganised manufacturing sector. The earning differential existing between own account workers and wage earners in the unorganised manufacturing sector is also indicated in the same table. Table 5 B.3 gives the weekly earnings of some working class occupation in urban India for two NSS rounds (19th and 21st) and compares these earnings with earning of all urban occupations. Table 5 B.4, compares average earning of workers in three different types of factories, namely (a) factories employing more than 50 workers using power (100 or more workers in case of factories not using power) and also having gross investment in plant and machinery more than Rs.7.5 lakhs; (b) factories employing more than 50 workers using power (100 or more, in case of factories not using power) but having investment in plant and machinery less than Rs.7.5 lakh and finally (c) factories employing workers less than 50 with power (less than 100 in case of without power). The average earnings of workers for those 3 types of factories for different industries are given in the table.

All these figures given in the tables 5Bs suggest that workers in the organised manufacturing sector earn substantially higher than workers in the unorganised sector. ASI census sector

largely corresponds to the corporate manufacturing sector in India. This means the working class as we have defined stand quite apart in terms of earnings from their counterparts in the unorganised sector. The self employed workers in the unorganised sector generally earn less than even workers engaged in small scale manufacturing sector. In Table 5 C.1 earning differentials of all workers in the organised sector (i.e. factory sector) has been given. It can be seen that the industries with very low per worker earning, is known to be less capital intensive operating with a low level of technology. Most of these industries are also known to have substantial non-factory employment and within the factory sector small factories employing less than 50 workers generally predominate.

A comparison of table 5 C.1 and 5 C.2 shows that the earning differential among the unskilled workers (i.e. Mazdoors) across the industries is lower than the earning differential among all workers. This clearly suggest that among the unskilled labourers working in different industries there is a higher degree of homogeneity than that exist among skilled labourers.

Table 5 C.3 shows that the regional segmentation of the labour market is gradually being eroded in India and a national labour market is in making. And finally table 5 C.4 shows that the public sector offers generally a higher wages for industrial labourers than the private factories.

Table 5 A.1

Distribution of Industrial workers in different Industries within the non-agrarian core sector

(Figures in thousands)

Industry	Years					
	1901			1961		
	Organised	Unorgani- sed	Total	Organised	Unorgani- sed	Total
Manufacturing	454 (3.80)	11505 (96.20)	11959 (100.00)	3918 (23.13)	13019 (76.87)	16937 (100.00)
Mining & Quarry	n.a.	n.a.	89	734 (80.84)	174 (19.16)	908 (100.00)
Construction	n.a.	n.a.	853	949 (53.74)	817 (46.26)	1766 (100.00)
Transport, storage & communication	222 (20.61)	855 (79.39)	1077 (100.00)	1788 (72.89)	665 (27.11)	2453 (100.00)
Total	676 (4.84)	12360 (95.16)	13978 (100.00)	7389 (33.49)	14675 (66.51)	22064 (100.00)

Figures in brackets refers to percentage of row totals

Source: Census 1901 and 1961 ; n.a. = not available (the break up)

- Note: 1. Organised sector in manufacturing for both years refers to only factory employment for both the years.
2. Unorganised manufacturing in 1901 includes all those in manufacturing industries entered as 'makers and sellers' in 1901 Census. General labourers have been left out.
3. Unorganised manufacturing in 1961 has been estimated as follows = All employees, single workers and family workers in household manufacturing industries (i.e. industrial division 2 & 3) plus all production process workers (i.e. occupational division 7 & 8) in non-household industries plus all transport and communication workers (i.e. occupational division 6) in non-household industries plus all single and family workers in Electricity and Gas workers minus factory employment.
4. All employees in mining and quarrying in non-household sector has been taken as to represent the organised mining sector and all single workers and family workers, including all workers in household mining industries represent the unorganised part of the running industries.
5. For transport, storage and communication sector in 1901, we have taken workers railway, post and telegraph services and shipping in the organised sector.
6. For construction and transport, storage and communication sectors in 1961, we have taken only the self employed persons in the unorganised sector. This means that the proportion of workers in the organised sector is over estimated.

Table 5 A.2

Employment status of some selected working class
occupation in urban India (year 1966-67)

(Figures are in percentage of total workers
in each occupation)

Name of the occupation	Employment Status		
	Employ- er	Employ- ee	Own account wor- kers including un- paid family workers
1. Miners, quarrymen and related workers	0.87	86.30	12.83
2. Drivers, road transport	1.32	46.80	51.88
3. Post, Telephone and other related workers	..	99.54	
4. Spinner, weavers, snitters, dyers and related workers	1.78	55.20	43.02
5. Tailors, cutters, furriers and related workers	5.12	26.54	68.34
6. Leather cutters, lasters, sweers etc.	2.17	23.96	73.87
7. Furnacemen rollers, moulders etc.	1.87	70.68	27.45
8. Carpents, jointers etc.	2.23	45.25	52.52
9. Millers, bakers etc.	4.27	35.99	59.74
10. Other crafts and production process workers	1.78	50.96	47.26
11. Bricklayers, masons, plasters	2.11	32.29	65.60

Source: NSS Report on Urban Labour Force, Report No.181.

- negligible.

Table 5 A.3

Changing Position of the Traditionally skilled workers

Sl. No.	Name of the occupation	1901 Unorga- nised sector	1961 House- hold sector	1961 Total	(4) as % of (5)	% change of (4) over (3)
1	2	3	4	5	6	7
1.	Weaver	2306	1783	2188	81.49	- 22.68
2.	Potters	757	744	904	82.30	- 1.72
3.	Leather shoe maker and repairer	725	467	545	85.69	- 35.59
4.	Carpenter	667	622	1205	51.62	- 6.75
5.	Tailor & dress maker	475	526	1047	50.24	+ 10.74
6.	Goldsmith, Silversmith and jewellery engagement	479	339	545	62.20	- 29.23
7.	Brass and copper metal worker and worker in	105	n.a.	n.a.	-	-
8.	Worker in iron & hardware i.e. blacksmith and forgemen	444	374	528	70.83	- 15.77
9.	Total	5958	4855	6962	69.73	- 18.51
10.	Total in row 9 as % of total worker in the respective column head	51.79	49.23	40.35		

n.a. = Not available.

Note: 1. Unorganised sector in 1901 refers to makers and sellers.

Source: Census of 1901 and 1961.

Table 5 B.1Average Monthly Income of workers in Organised Sectors of Manufacturing and Mining

(Rs. per month)

Year/ Sector	<u>Organised Manufacturing</u>		Organised Mining (coal)
	Large scale	Small scale	
1961	117.71	67.39	94.24
1962	127.65	68.48	97.44
1963	134.07	72.52	106.52
1964	140.37	77.67	106.84
1965	155.16	81.44	125.36
1966	170.42	93.53	138.24
1967	188.33	99.39	185.24
1968	202.42	104.10	199.00
1969	212.92	111.29	209.24

- Note: 1. Organised large scale refers to factories falling in the census sector of Annual Survey of Industries.
2. Organised small scale sector refers to the sample sector in ASI.

- Source: 1. ASI and Sample Survey of Manufacturing Industries by NSS for different years.
2. Indian Labour Statistics for mining.

Table 5 B.2

Sectoral Earning differential among workers for
different years

Average monthly earning of	Years		
	1958-59	1963	1969
1. Workers in ¹ organised large manufacturing sector (1960)	110.56	134.07	212.92
2. Workers in ² organised small scale sector	55.79	72.52	111.29
3. Urban hired ³ labourer in unorganised manufacturing sector	34.86		69.40
4. Urban own account ⁴ worker in unorganised manufacturing sector	59.70	62.58	98.20
5. Workers in organised ⁵ Mining (coal)		106.52	209.24
6. Workers in unorganised ⁶ Mining (Mica)		75.84	74.20
<u>Earning differentials</u>			
1 ÷ 2	1.98	1.85	1.91
1 ÷ 3	3.17	n.a.	3.07
1 ÷ 4	1.85	2.14	2.17
2 ÷ 3	1.60	n.a.	1.60
2 ÷ 4	0.93	1.16	1.13
3 ÷ 4	0.58	n.a.	0.71
5 ÷ 6		1.40	2.82

Sources: 1 & 2 Same as in table 5 B.1

3 & 4 Calculated from NSS Report on household and small scale industries Report No.94 and 218.

for 1963 - we have taken the figure of own account workers' monthly earnings from Deepak Lall's Structure of Earnings in India (mimeo) Perspective Planning Division, Planning Commission, Table No.26. The figure actually refers to per household earning.

5 & 6 Same as in table 5 B.1.

n.a. = Not available.

Table 5 B.3

Average weekly earnings in some working class occupation (Urban area)

Name of the Occupation	19th round 1964-65	21st round 1966-67
1. Postal, telephone, telegraph and related telecommunication operators	32.70 (119.6)	40.09 (123.4)
2. Furnaceman, rollers, drawers, moulders, machinists, electrician etc.	30.59 (111.8)	36.40 (109.3)
3. Drivers, road transport	27.14 (99.2)	34.34 (103.1)
4. Spinners, weavers, knitters and related works	25.98 (95.0)	30.94 (92.9)
5. Massons, Plasters	N.A.	27.30
6. Carpenters, Joiners etc.	21.51 (78.6)	26.87 (80.7)
7. Miners, quarrymen and related workers	19.68 (72.0)	24.06 (72.3)
8. Tailors, cutters	18.42 (67.3)	23.38 (70.2)
9. Other crafts and production process workers	18.95 (69.3)	22.52 (67.6)
10. Leather cutters, lasters and sewors	18.91 (69.1)	21.85 (65.6)
11. Labourers not elsewhere classified (mostly loads and unloads)	17.13 (62.6)	20.93 (62.9)
12. Millers, bakers etc.	15.41 (56.3)	17.55 (52.7)
13. Unskilled construction workers	N.A	14.45 (43.4)
All occupations including white collar one	27.30 (100.0)	33.3 (100.0)

Source: NSS Report No.163 & 181 (p.41, p.81 respectively)

Note: Figure in bracket gives each occupation earning as percentage of average earning of all occupations taken together.

Table 5 B.4

Average monthly earning of workers in different
types of factories (year 1964)

(Rs. per month)

Name of the industry groups	Census sector		Sample Sector
	Large	Small	
1. Grain Mill	166.49	64.64	64.90
2. Bakery	234.64	158.45	106.40
3. Sugar	204.33	65.59	38.98
4. Miscellaneous food	133.62	68.43	64.89
5. Tobacco	281.00	38.95	59.13
6. Spinning, weaving and finishing	231.12	143.21	135.68
7. Textile not elsewhere	187.12	42.41	57.56
8. Wearing Apparel	130.13	129.96	135.37
9. Cork and Wook	126.17	105.85	112.19
10. Furniture and Fixtures	408.59	109.17	146.09
11. Pulp and Paper	222.99	135.49	111.09
12. Printing and Publishing	267.38	209.49	155.51
13. Tannerifs and Leather	193.71	143.46	165.99
14. Rubber products	326.63	139.16	124.83
15. Basic chemical	299.34	147.34	128.28
16. Miscellaneous chemical products	352.87	124.55	98.02
17. Structural clay	152.70	91.60	75.94
18. Glass and Glass products	210.13	107.25	103.48
19. Pottery China dna Earth ware	151.00	114.29	103.91
20. Cement	258.88	*	154.32
21. Non metallic mineral products	256.19	90.63	86.57
22. Iron and steel	312.95	164.43	196.32
23. Non Ferrous basic metal	315.51	160.08	153.14
24. Metal products	255.03	152.27	140.26
25. Machinery	263.30	194.14	153.42
26. Electrical Machinery, apparatus	298.80	178.50	138.96
27. Ship building	264.80	247.50	209.38
28. Railroad equipment	247.81	238.80	215.40
29. Motor vehicle manufacture	325.08	170.57	103.52
30. Repair of motor vehicles	325.08	170.57	103.52
31. Motor cycles and bicycles	240.94	137.20	125.04
32. Scientific measuring and controlling instruments	197.58	198.13	148.81
All Industries	242.25	117.75	112.85

Source: Annual Survey of Industries 1969, Summary results for factory sector. Central Statistical Organisation.

* - no factory in this sub group.

Table 5 B.5

Per Capita Earning per month per household
Labour and per hired labour (Year 1968-69)

(Rs. per month)

Name of the Industry	Earning per household labour		Average earning of wage labourers	
	Rural	Urban	Rural	Urban
1. Food Industries	65.0	137.8	24.1	73.0
2. Beverage	31.0	138.8	49.0	65.9
3. Tobacco	25.3	103.9	47.9	59.6
4. Textiles	22.6	50.3	30.1	83.0
5. Footwear manufacturing	39.2	74.2	44.2	n.a.
6. Repair of footwear	30.8	102.1	-	-
7. Wearing appasel	49.5	89.6	43.3	72.7
8. Wood and cork	35.2	59.2	66.3	70.2
9. Furniture and Fixtures	56.7	103.4	55.9	97.8
10. Chemical Industries	31.7	96.1	70.5	33.6
11. Non-metallic mineral products	26.1	56.9	14.5	56.6
12. Metal product except machinery	41.3	105.4	26.9	95.0
13. Machinery	53.0	153.4	90.0	94.6
14. Transport equipment	66.8	133.0	35.6	74.2
All India	36.5	93.2	30.2	69.4
Ratio of higher to lowest	3.0	2.1	6.2	3.0

Source: NSS Report No.218.

Table 5 C.1

Earning differentials among workers in different industries
 (Average daily earning of workers in manufacturing
 industries and electrical light & power station
 = 100)

Name of the Industry	Percentage of Average of all Industries		
	1st Survey (1958-'59)	2nd Survey (1963-'64)	
1. Cotton Textile	112	111	
2. Jute textile	93	73	
3. Silk textile	111	91	
4. Wollen textile	99	94	
5. Metal Extracting	175	134	
6. Metal Rolling	114	91	
7. Rough Casting and forging	93	74	
8. Bolts nuts etc.	85	136	
9. Agricultural Implements	84	73	
10. Machine tools	111	78	
11. Electrical Machinery	113	125	
12. Textile Machinery	175	120	
13. Ship building and repairing	128	102	
14. Railway Workshop	119	107	
15. Motor vehicles	99	90	
16. Aircraft building and repairing	140	243	
17. Bicycle	131	130	
18. Tramway workshops	108	90	
19. Hydrogenated oil	106	102	
20. Bidi factory	54	39	
21. Cigarette factory	184	112	
22. Paper & Paper product	100	84	
23. Cement	96	104	
24. Tanneries	62	56	
25. Sugar	65	62	
26. Heavy Chemicals	93	103	
27. Fine chemicals	93	98	
28. Glass factories	83	61	
29. Match factories	42	110	
30. Cashewnut factories	28	29	
31. Tobacco curing works	57	44	
32. Footwear Manufacturing	106	127	
33. Clothing Manufacturing	76	83	
34. Printing Press	95	82	
35. Artificial manure	141	121	
36. Soap factories	151	115	
37. Petroleum refineries	185	210	
38. Electric light	103	94	
	Highest/Lowest	6.6	8.3

Source: Occupational Wage Surveys, Labour Bureau, Simla

Note: The data refer to factory sector only.

Table 5 C.2

Earning differential among the Mazdoors in Manu-
facturing Industries

Name of the Industry	Percentage of highest ranking Industry	
	1st Survey (1958-'59)	2nd Survey (1963-'64)
1. Cotton textile	52	76
2. Jute textile	42	50
3. Silk textile	49	64
4. Woollen textile	42	71
5. Metal extracting	50	73
6. Metal Rolling	37	51
7. Rough Casting and forging	39	48
8. Bolts nuts etc.	36	68
9. Agr. Implements	28	38
10. Machine tools	36	37
11. Electrical Machinery and appasel	49	65
12. Textile Machinery	53	56
13. Ship building and repairing	63	78
14. Railway Workshop	40	57
15. Manufacture and repair of Motor vehicle	47	51
16. Aircraft building and repair	49	68
17. Bicycle Manufacturo	61	71
18. Tramway Workshop	51	66
19. Hydrogenated oil	45	54
20. Bidi factories	20	33
21. Cigarette factories	79	59
22. Paper and Paper Product	54	67
23. Cement	38	69
24. Sugar	29	43
25. Tanneries	31	44
26. Heavy chemicals	42	65
27. Fine chemicals	42	61
28. Glass factories	32	37
29. Match factory	60	91
30. Cashew nut factory	27	36
31. Tobacco curing working	31	42
32. Footwear Manufacturing	50	93
33. Clothing manufacturing	37	54
34. Printing Press	35	49
35. Artificial manure	38	46
36. Soap factories	58	74
37. Petroleum refineries	100	100
38. Electric Light and Power	38	49
Highest/Lowest	4.0	3.0

Source: Same as in table 5 C.1

Table 5 C.3Regional Variations in Wages in Organised
factories (large scale sector)

Year	Range of variation		Range as % of average		Ratio of highest to lowest	
	Money wage ¹	Real wage ²	Money wage	Real wage	Money wage	Real wage
1950	844.84	1068.22	90.88	93.65	3.7	3.7
1961	1312.75	1319.24	92.94	94.89	2.9	3.0
1965	1495.07	1295.97	80.30	91.64	2.7	3.1
1969	1912.00	1143.42	74.83	78.32	2.4	2.6

Source: CMI/ASI & Indian Labour Statistics for wage figures and Consumer working class price index respectively.

Note: 1. Wage in rupees per annum

2. Taking 1960 = 100 for consumer price index.

Table 5 C.4

Per capita earning of employees earning less than
Rs. 400/- per month in manufacturing industries,
in the public and private sector (1966 & 1970)

(Rs. per month)

Industries & Sector			1966	1970
1			2	3
1. Textiles	Public	(PB)	2030	2303
	Private	(Pr)	2148	2780
	Ratio public/private	(R)	0.95	0.83
2. Footwear, other weaving apparel		(Pb)	2134	2694
		(Pr)	1788	2122
		(R)	1.19	1.27
3. Wood and Cork		(Pb)	2096	2145
		(Pr)	1219	1505
		(R)	1.77	1.43
4. Furniture and Fixtures		(Pb)	1071	2572
		(Pr)	1676	2159
		(R)	0.64	1.19
5. Paper and Paper product		(Pb)	817	4027
		(Pr)	1889	2643
		(R)	0.43	1.52
6. Printing, publishing and Allied Industries		(Pb)	2512	3484
		(Pr)	1764	2373
		(R)	1.42	1.47
7. Rubber and Rubber products		(Pb)	2194	4618
		(Pr)	2027	2840
		(R)	1.08	1.62
8. Leather and Leather products		(Pb)	2335	2316
		(Pr)	1485	1943
		(R)	1.57	1.19
9. Chemical and chemical products		(Pb)	2644	3078
		(Pr)	2163	2688
		(R)	1.22	1.15

contd.

Table 5 C.4 contn.

	1	2	3
10. Products of petroleum and coal	(Pb)	2507	4191
	(Pr)	3143	3442
	(R)	0.80	1.22
11. Non metal mineral products (except petroleum and coal)	(Pb)	1344	2031
	(Pr)	1383	1801
	(R)	0.97	1.13
12. Basic Metal Industries	(Pb)	2895	3083
	(Pr)	2394	2765
	(R)	1.21	1.12
13. Metal Products	(Pb)	3251	3371
	(Pr)	1709	2318
	(R)	1.90	1.45
14. Machinery	(Pb)	1900	3250
	(Pr)	2039	2641
	(R)	0.93	1.23
15. Electrical Machinery	(Pb)	2589	4288
	(Pr)	2223	2944
	(R)	1.17	1.46
16. Transport and transport Equipment	(Pb)	2402	3274
	(Pr)	2440	2815
	(R)	0.98	1.16
17. Miscellaneous industries	(Pb)	2418	3324
	(Pr)	1668	2257
	(R)	1.45	1.47
18. Electricity, Gas and Steam	(Pb)	2094	2993
	(Pr)	2827	3377
	(R)	0.74	0.89
All Industries	(Pb)	2437	3189
	(Pr)	2044	2614
	(R)	1.19	1.22

Source: Indian Labour Statistics for respective years.

Note: The data refer to factory sector only.

Foot Notes to Chapter

- 1/ For a description of the capitalist labour process
See Karl Marx: Capital, Vol.1, chapter 7. For recent studies
on the capitalist labour process see Harry Braverman (op.cit.),
Andrew Zimbalist (ed.): Case studies on the Labour process,
Monthly Review Press, 1979.
- 2/ See Harry Braverman (op.cit.), p.422-445.
- 3/ Quoted in E.P.Thompson: The Making of the English Working Class,
Penguin Books, 1976, p.266.
- 4/ A capitalist has not only to expropriate a worker of ownership
of his means of production but also the workers control of
actual labour process. Herein lies one source of innovation
of new and new kind machinery in capitalist economy. See in
this respect Harry Braverman (op.cit.) and Stephen Marglin:
"What do bosses do? The origins and Functions of Hierarchy
in Capitalist Production" in Review of Radical Political Economics,
Vol.6, No.2. (Summer 1974).
- 5/ For a study of the segmented labour market in the context of a
developed capitalist country See R.K.Blackburn and Michael Mann:
The Working Class in the Labour Market, Macmillan, 1979.
- 6/ See Clark Kerr: "The Balkanization of Labour Markets" in
E.W.Bakke et.al: Labour Mobility and Economic Opportunity,
MIT Press, 1954.
- 7/ B.F.Hoselitz: "The Market Matrix" in W.E.Moore and H.S.Feldman
(ed.): Labour Commitment and Social change in Developing Areas.
- 8/ ibid., p.224-226.
- 9/ For discussion on the wage differentials in Indian Industries
see C.K.Johri & N.C.Agarwal: "Inter Industry Wage Structure in
India 1950-61: An Analysis", Indian Journal of Industrial Relations.
P.K.Sawhney: "Inter Industry Wage Differentials in India" The
Indian Economic Journal, Vol.17, July-September, 1969.
- 10/ See Karl Marx: "Wage Labour and Capital" in Marx & Engels:
Selected Works (op.cit.), Vol.1.

- 11/ Quoted from Marx's letter to S.Meyer & A.Vogt, reproduced in K.Marx and F.Engels: On Britain", Moscow, 1953.
- 12/ See S.Castles and G.Kosack: Immigrant Workers and the Class Structure in Western Europe, Oxford University Press, London, 1973.
- 13/ For example Dipesh Chakrabarty has documented the communal struggle that took place among the jute workers in Bengal during 1890s. See Dipesh Chakrabarty: Communal Riots and Labour: Bengal's Jute Mills Hands in the 1890s, Occasional Paper No.11, Centre for Studies in Social Sciences, Calcutta (also published in Past and Present, May 1981).
- 14/ See the table 5A.3.
- 15/ When the distribution of all workers engaged in the 'manufacturing activities other than household industries' in different types of urban and rural areas are considered see 1961 Census, Part II B (i).
- 16/ Report of the Royal Commission on Labour in India: London 1931, p.9.
- 17/ *ibid.*, *loc.cit.*
- 18/ Report of the National Commission of Labour (Chairman: B.P.Gaiendra Gadker), 1969, p.417-419.
- 19/ Quoted from Sukomal Sen: Working class of India, K.P.Bagchi Company, Calcutta, 1977, p.50.
- 20/ See *ibid.*, chapter 5.
- 21/ Report of the Indian Factory Labour Commission, 1890, quoted in Sukomal Sen (*op.cit.*), p.78.
- 22/ R.K.Mukherjee: The Indian Working Class, p.374.
- 23/ For example see K.N.Vaid: Contract Labour in Manufacturing Industries, Shri Ram Centre for Industrial Relations, New Delhi, 1966. Also contract labour (survey of selected Industries) 1961-63, Manager of Publications, Delhi.
- 25/ *ibid.*,
- 26/ K.N.Vaid (*op.cit.*), p.40-42.

- 27/ *ibid.*, *loc.cit.*
- 28/ For the earning level of self employed workers in rural/urban areas see the table, 5 B.5.
- 29/ Sample design of this survey involved two stages - (i) Selection of Villages (ii) Selection of households. Villages selected for the Bench Mark Survey (BMS) of the Planning Commission were chosen for this enquiry also Reference period was December 1953 to November 1954. 34 villages out of 42 BMS villages in 7 Blocks were selected as these villages had some artisan households. An artisan household was defined in this enquiry as one in which one or more members had artisanship as principal or subsidiary occupations.
- 30/ Quoted from the same survey reported as mentioned above.
- 31/ See the table 5 B.2
- 32/ For Marx's discussion on this reserve army of labour force See *Capital*, Vol.1, Chapter 25, section 3 and section 4.
- 33/ *ibid.*, *loc.cit.*
- 34/ Quoted from A.D.Obregon: "The Marginal Role of the Economy and the Marginalised Labour Force" in *Economy and Society*, Vol.3, 1974, p.393-428.
- 35/ Karl Marx, *Capital*, Vol.1, Moscow, 1977, p.168.
- 36/ *ibid.*, p.168-169.
- 37/ Harold Wolpe: "The Theory of Internal Colonisation" in I.Oxaal and Others (ed.) *Beyond the Sociology of Development*, Routledge & Kegan Paul, 1975 p.247.
- 38/ See Dipak Kazumdar: "Underemployment in Agriculture and the Industrial Wage Rate" in *Economica*, November 1959, p.328-340.
- 39/ Marx has defined factory as "Machinery organised into a system" *Capital*, Vol.1, p.394.

- 40/ As National Commission on Labour has noted "Conditions of work (of these contract labourers) are also far from satisfactory. The period for which payment is made varies from a day to six months.... Leave with wages is not available to contract labour. In the matter of housing facilities, contract labour is not treated on par with direct labour. It is entitled to benefits under the Employees' State Insurance Scheme, but few establishments extend this facility. Similarly, facilities under the amended Employee's Provident Fund Act, 1963 are not available to contract labour" Report of the National Commission on Labour (Chairman P.B.Gajendra Gadkar), 1969, p.421.
- 41/ See in this respect various surveys of labour conditions in different industries, carried out by Labour Bureau, Government of India, Simla.
- 42/ See R.K.Mukherjee: The Indian Working Class.
- 43/ Report of the Royal Commission on Labour (op.cit.), p.12.
- 44/ For a critique of such theories see Surendra Munshi: "Industrial Labour in Developing Economies: A critique of the Labour Commitment Theory" in Economic and Political Weekly, August 27, Review of Management, 1977, p.M74-M.87.
- 45/ Labour Investigation Committee, Main Report, 1946, p.70.
- 46/ See B.R.Sharma: "The Industrial Worker: Some Myths and Realities", in Economic and Political Weekly, May 30, 1970, p.875-877. See in this respect various surveys of labour conditions in different industries, carried out by Labour Bureau, Government of India, Simla.

In lieu of Conclusion

Rudolf Carnap in his Logical Foundations of Probability has used two terms - the 'explicandum' and the 'explicatum'. The former term refers to a 'given more or less inexact concept' while the latter refers to the 'exact one'. The explicandum is, so to say, a pre-scientific concept and the explicatum is a scientific one in the sense that it is given "by explicit rules for its use, for example, by a definition which incorporate it into a well-constructed system of scientific either logico mathematical or empirical concepts" (see Carnap cited above, The University of Chicago Press, 1971, p.3). To be an adequate explicatum for a given explicandum, it must be (i) similar to the explicandum (ii) exact (iii) fruitful and (iv) simple.

Concept of class at its present stage of development, is more in the nature of an explicandum, a pre-scientific concept. Our whole exercise in the present work has been in the direction of finding an adequate explicatum for this inexact concept of class. In other words it is an effort in 'explication'.

We have no hesitation to add that we have made only the beginning. Unless we can show the usefulness of our concept in analysing the socio-economic development of a concrete society in terms of contradiction between classes and strata, as we have defined, we cannot claim to have arrived at a proper explicatum.

We have not been able to do so, in this work. We have rather, made explicit our notion of contradiction, how these contradictions actually demarcate the boundaries between different classes, strata and other social groups. For a lack of better term, we may call our analysis as a static one. But, we believe, on the basis of such a static analysis, one can really identify the elements that should form the building blocks of a proper dynamic analysis.

APPENDIX - A

A CLASSIFICATION SCHEME FOR THE INDIAN WORKING POPULATION

Introduction

appendix

This presents a scheme for classification of the working population in India, which we find useful for the purpose of demarcation of social classes and strata obtaining in India. Our classification scheme, in fact, gives rise to some meaningful socio-economic groups. Classes are finally demarcated in terms of these socio-economic groups.

Any population can be classified into a number of sub-population by any attribute simply by the possession and non possession of such an attribute by individual members of the population. The utility of a classification scheme will depend on the set of attributes associated with it. The existing studies, where the working population in a given economy has been classified into various sectors or groups (with a purpose not necessarily similar to that of ours), essentially adopt uni-dimensional approach based on a single attribute, which itself may be simple or a composite index of a number of simpler attributes.^{1/} In Section I, we take a brief look at a few of the methods of classification adopted in these studies.

The classification scheme that we are going to propose rests upon four attributes. The attributes have been so chosen as to

generate socio-economic groups with some desirable properties from the point of view of our understanding of social classes, as described in chapter two. Section II of this chapter introduces these four attributes and gives an analytical account of them. Section III of the chapter is an exercise in the estimation of the numerical magnitude of different socio-economic groups, to the extent it is possible from the available data, for two specified years. This section is purely quantitative in nature and should be taken merely as an illustration of our method with the help of Indian data and no finality is claimed about these figures.

Section I

A Review of few methods of classification of working population adopted in the existing studies

Method of Classification in Clark-Kuznets type of Studies

These studies^{2/} were undertaken to explore the nature of association between economic development and changes in the sectoral distribution of working force and national product. The explicit purposes of these studies were thus different from the purpose that we are having for classifying individuals in a society which is to make a class analysis of the society.

If all the same, we take note of these studies that is for two reasons. Firstly these studies provide an approach to the analysis of division of labour which is an important basis of the class structure. A critical look at these studies may help us to formulate our own approach to the analysis of division of labour.

Furthermore, there are profound social implications of long term changes in the sectoral distribution of the working population. Kuznets himself has noted this aspect of his kind of studies in such words as follows, "The sectoral picture of production is of interest because active participation in specific sectors imposes specific patterns on the lives of the participants (and those of their dependents)".^{3/}

In Clark-Kuznets type of studies - we find a very simple and technical view of division of labour. The entire range of economic activities are first grouped into three broad sectors. The working force is then distributed into those three broad sectors of activities according to the nature of activity one is engaged in.

Every division of labour has two aspects - social and technical.^{4/} Division of labour, considered in its social-aspect distributes individuals into socially determined 'position' which are essentially hierarchical in nature. These 'positions' essentially describe, for each of them, a certain set of interpersonal relations obtaining in the sphere of the 'economy'.

Division of Labour considered in its technical aspect, distributes the total working force into various sectors of activities, (or branches of production) and within such sectors into various technically determined parts of the total work process.

In Clark-Kuznets type of studies only the technical division of labour is recognised. A study of the technical division of labour has also got its use, within its own limitation, in demarcating classes, as we shall see later. So we have to examine to what extent

the classification of activities used in these studies could be useful for our purpose.

In the usual three sector classification of economic activities, the first line of division is drawn between activities which produce material goods and which do not produce such material goods. The second line of division is drawn within material production sphere i.e. between primary and secondary sector.

What distinguishes this method of classification of activities is its purely empirical approach without any explicit theoretical basis. There is hardly any well defined notion of 'production' in such a method of classification. It is stated that tertiary sector is engaged in the production of services. Therefore, public administration is considered as a sector, 'producing' administrative services, the army 'producing' defence service etc. Such an use of the term 'production' robs it of any social and economic significance. And as no proper concept of production is employed in these studies, the classification of economic activities becomes arbitrary and without any social significance.

This becomes evident when we take a critical look at the so called tertiary or service sector. It includes activities which are dissimilar in some crucial aspects. Firstly, from the point of view of social purpose, this sector is a highly heterogeneous collection of economic activities. For example the social roles of activities like public administration and trading are too different to be put together in a single sector. While the former is required to maintain a definite political superstructure, the latter is necessary for continued

renewal of commodity producing activities. From the point of view of social production, trading activities are functionally integrated with the sphere of material production, while public administration, strictly speaking, is an activity utilising social surplus which by no way is an integral part of the sphere of social production proper.

It may be, however, argued that this three sector classification scheme provides a most satisfactory framework to analyse the changes that occur in the structure of a working population during the course of economic development. In Clark-Kuznets type of studies this change is revealed through a shift of working population from primary to secondary industries, in absolute and relative terms. The primary-secondary division within the goods producing activities could be justified on this ground alone.

But the movement of working population away from Agriculture to Industry is not really the principal aspect of the changes we are studying. We are interested in the changes in the institutional arrangements of production, which occurs both within Agriculture and Industry. The shrinkage of working population attached to Agriculture that we consistently observe for an economy experiencing economic development, is a reflection of this fundamental change, which the narrow technical view of division of labour implicit in Clark-Kuznets type of studies fails to account for.

In this respect we may cite another weakness of this classification scheme. We are referring here to the lumping of two entirely different kinds of services within tertiary sector. The first type

of services, which we may call modern services, exhibits an increasing trend in its size of working force, during the course of economic development. Functionally, a large part of this type of services is directly related to material production. These are trade, commerce, transport, communication and business services. It is not difficult to identify reasons for growth of employment in these activities, within a framework of a capitalist economy.^{5/} Firstly, growth in commodity production in general necessitates growth of these activities. Secondly, rise in concentration among the commodity producing enterprises means the destruction of the scattered small units and the creation of large firms catering to the needs of a widespread area. Consequently there is a rise in the demand for activities like transport and communication. Thirdly, in the course of capitalist economic development, the financial structure of business enterprises changes and the role of banking capital and outside finance increases within business enterprises. As a result the size of such activities as banking and other commerce expands considerably. Fourthly, it has been observed that after a certain level of per capita income, the demand for services associated with delivery of goods rises much faster than the demand for the material goods themselves.^{6/} The frills associated with material products tend to be valued more than the substance of material products themselves. Lastly, since these service-activities are more labour intensive than other activities and less susceptible to mechanization, a relatively faster growth in the demand of these services will lead to a rise in the share of these activities in the total working force.^{7/}

In contrast to those services, we have a different type of services, which we may call traditional services. The size of working force attached to these services shows a declining tendency during the period of rising per capita income. Domestic servants, barbers, washermen, religious preachers etc. are examples of occupational categories which are included in these traditional services.^{8/} The institutional arrangements within which these services are organised are also typical of pre-industrial societies based on tradition and custom.

Thus we find that the three sector classification is far from satisfactory as a framework of division of labour even in the single dimension of activities. The limitations of such an one dimensional approach also comes out clearly when we discuss the next group of studies in which the dimension of occupational role is considered.

Method of Classification based on Occupation

The dimension of occupation has been the most frequently used aspect of working population in constructing social strata or status groups, in non-marxist sociological tradition.^{9/} The basic methodology in all these studies has been to construct a scale of gradation for each occupation in terms of social status and position and then to group together occupation with comparable status in a single social strata or status group.

Use of occupational characteristics in stratification analysis dates back to Dudley Baxter who in 1867 classified occupations into three major classes, namely, upper, middle and manual

labour classes.^{10/} No objective criterion for classification was taken and each occupational category was put into one of the three classes according to the subjective judgment of Baxter.

Alexander-Carr Saunders and Carady Jones, on the basis of 1931 census data studied the social structure of England. They divided adult males into eight classes "including a bottom group of 'institutional cases'" quite below the ordinary level of employability.^{11/} Here also the social position of each occupational category was heuristically evaluated and occupations with similar social status was put in the same strata. For example, clerical and highly skilled manual workers were grouped together in a single stratum.

Alba Edwards in 1943 working with U.S.A. census data classified occupations into 6 broad socio-economic groups, according to "nature of the work, the skill and training involved in it, the income it brought, the common opinion about its prestige".^{12/}

In a study on social mobility in Britain, occupations were grouped into seven broad categories, "in terms of social status and prestige"^{13/} In a large number of subsequent studies on social mobility, a similar procedure was followed and 'social status and prestige' associated with different occupations were estimated in terms of evaluation made by some members of the community for which a stratification was being made.

The methodological presuppositions that are implicit in these studies are clearly at variance with our understanding of social classes and also with our conception of what a scientific approach

for studying a society should be. Firstly, in these studies the occupations are classified in a single hierarchy of occupational classes according to their positions in a linear status scale. But why should we at all expect the existence of such a linear status scale in terms of which all occupations are comparable? According to our view, it is futile to compare the hierarchical positions of two occupations groups without bringing in the dimension of activities. Hierarchy of occupations can be a meaningful concept only when considered as an hierarchy of control over the labour of one occupational group by another. And we can talk of such control only in the content of a single group of activities - strictly speaking in the content of a single labour process.

Secondly, occupations are graded according to social positions and status associated with them. But how are these social positions and status determined? In most of these studies they are determined not by any objective criterion but by the subjective evaluation by the people themselves.^{14/} In other words, if there is any social differentiation among various occupational categories in terms of power, status, wealth etc., this differentiation is best revealed in the consciousness of people and what is more, the image of this differentiation in people's mind is the reality itself. In other words, there is no question of any objective evaluation of the job content of an occupational category, of its decision making power, of the degree of control it exercises over labour of other occupational categories etc. etc. The theoretical emptiness of such an approach is obvious.

From our above discussion of two broad types of classification scheme, using dimensions of activities and occupations respectively, we find that both these dimensions are by themselves inadequate for providing a suitable framework for classifying the working population. Along with both of these two dimensions, we, however, require to take into account several other dimension of working population for construction of an adequate framework.^{15/} It is to this that we pass on in the next section.

Section II

A Classification Scheme based on four Attributes

To develop a satisfactory scheme for classification of working individuals within a society we need to use attributes which express the position of an individual in the social system of production and the role he plays within that system. In other words, a meaningful set of attributes for our purpose should express some aspects of the complex totality of production relations. As we have seen, a single attribute will not suffice.

The attributes to be chosen should be such that the social groups demarcated by them should be large enough to have significant impact on social dynamics and be homogenous and cohesive enough to ensure common interest, among their members. We propose to use as many as four attributes to construct an analytically useful classification scheme. These attributes are (i) nature of activity (ii) occupational role within an activity (iii) ownership relation to means of production and (iv) form of economic organisation.

First attribute

The first attribute that we use is the nature of activity, that an individual is engaged in. An individual's position in the structure of activities is important for understanding his class position for the following three reasons.

The nature of activity one pursues broadly determines the work environment and possible modes of participation in labour process. For example, the work environment and the types of concrete labour associated with Industry and Armed Forces are radically different. This difference in turn creates different life styles and life chances for individuals occupied in respective sectors. Since material conditions of life broadly determine an individual's mental perspective and his potential social behaviour this attribute is important for demarcating social groups.

The nature of activity also determines the potentiality of technical division of labour within the activity and consequently the structure of hierarchy among participants in the activity. For example, hierarchy occurring within an educational institution is not of the same character as occurring within a manufacturing organisation. The intrinsic technical aspect of an activity only determines the possible limits to the progress of technical division of labour within the activity but the actual level will obviously be determined by the specific institutional features of the organisation in which the activity is carried out.

finally the most important reason for accepting the nature of activity as an attribute for the demarcation of social groups lies in the fact that there may exist deep-seated divergence of interests between individuals who share equal positions in terms of all other attributes but are engaged in different activity groups. In fact, the classification of activities in some broad sectors would be unnecessary for our purpose if conflicts arising out of such divergence of interests did not exist.

Conflicts between social groups with different positions in activity structure may arise, firstly due to conflicting sets of forces that determine share of each social group in the total social product. If the products of a group of activities are used as inputs in another group of activities and/or vice-versa, relative prices of the products of two sets of activities will be an important determinant of the relative share of each activity group in the total social product. For example, the price of agricultural commodities is an important determinant of real wages of industrial workers. If the price of agricultural commodities should rise, under ceteris paribus conditions, real wages of industrial workers would fall. Should industrial workers try to restore the original level of real wages, a strife between workers and capitalists would ensue. So it is desirable for industrial workers and capitalists both to keep prices of agricultural commodities at a minimum. On the other hand social groups accruing within Agriculture would prefer to keep agricultural prices high (except such groups that might themselves be net buyers of agricultural products).

A classic example of contradiction between Agriculture and Industry is provided by the supply of labour to Industry.^{16/} If the masses of working people are retained in Agriculture, growth of Industry cannot but be hindered for lack of adequate supply of labour. Moreover a shortage of labour would tend to increase real wages of workers and reduce share of profit. It is for this reason that industrial capitalists have always desired conditions permitting reduction of the manpower requirements of Agriculture, excepting of course in the situation tremendous labour surplus in the economy. Such reduction would call for drastic changes in the organisation of Agriculture and dominant classes of agriculture in the pre-capitalist sector would stand in direct conflict with industrial employers.

Other conflicts may arise between two sets of persons depending on two different activities if they contend over the same amount of resources, like state subsidies, credit for investments etc.

A very detailed classification of activities will not, however, be meaningful. That is because the conflicts that might be there between social groups defined by any two narrowly defined sectors of activities might be of extremely transient character, without any social significance. In a too detailed subdivision of activities, the mobility of individuals with respect to different groups of activities, may be expected to be very high and the movement of working individuals from one activity to another would not signify any structural change within the working population. So the classification of activities into various sectors should be such that there would exist a relatively stable relationship between

sectors of activities and individual working within it.

According to our understanding, it is the functional relation to the totality of the social process of production and reproduction that each activity bears provides the best basis for achieving such a grouping of activities. In a class divided society the processes of production, distribution and consumption can be best understood as a process of generation, distribution and appropriation of social surplus and hence the role of each activity from this point of view may be taken as the basis for classification of activities.

We take the view that surplus is produced mainly, if not only, in the material goods producing activities. Some explanations of our notions of surplus and productiveness of labour are necessary in order to justify our view. We shall not stop here to give that explanation which are provided in the appendix I of this chapter.

Taking this perspective, we divide all the activities into a number of sectors which we name as (i) Core (ii) Ancillary (iii) Ideological services (iv) public administration and Defence (v) "Organised" services and (vi) "Unorganised" services. We discuss each of these groups below:

The Core Sector: As the name implies, this sector occupies a pivotal role in the social system of production and the social groups given rise to by this sector constitutes the principal components of the major classes in all known modes of production. This sector includes all those activities the end results of which are tangible

material goods and also some activities which are necessary extensions of the former activities. Included in this sector are Agriculture and related activities, Manufacture and Mining, Transport and Communication and construction.

The primacy of the sphere of material production over all other spheres is too obvious to need any elaboration. Development of material production, qualitatively or quantitatively is a necessary pre-requisite of overall economic development, if not synonymous with it.

The products of this sector are necessary to different degrees for all economic activities that we can think of. As a supplier of the means of subsistence, this sector plays a decisive role in the determination of the size of the economy as a whole.

An important question regarding our definition of the core sector is how to draw the boundary of this sector.^{17/} The production of material goods cannot be distinguished from the production of services by the nature of labour process involved but only by the nature of the products. It is only in the physical nature of two types of products that we can locate the difference. The fundamental distinction between the two types of products lies in their durability. In case of service producing activities, production and consumption is simultaneous and there is no possibility of storing and transferring the products from one place to another.

But the practical problem of isolating these two activities can be formidable, when some of these service rendering activities

are internalised in the sphere of material production. In the Soviet Union, for example, where national income is measured by the 'net material product approach'. a "wide array of services is provided within the organization of factories engaged in material production e.g. factory restaurant, factory housing, nurseries for children of working parents.etc."^{18/} And these "Services are treated as part of material production and their costs are embodied in the price of the product and included in the net output of the branch of material production involved".^{19/} Therefore, for all practical purposes these services become integral part of the processes of material production, and there remains no firm line of demarcation between the activities producing goods and those producing services. These problems arise because the concept of material production in isolation is an abstraction and in reality there exists only a complex unity of processes called social production of which material production is but an integral part. In reality there does not exist any activity the products of which can exist or be produced without a material substratum to it.^{20/} So our identification of the core sector with the sphere of material production is not meant in any rigorous sense and the core sector comprises of the activities which are conventionally understood as producing material goods.

Within the core sector, two important subdivisions are Agriculture and Industry including mining. In fact, Agriculture may be rightly treated as a separate sector by itself, since there exists definite contradictions between social group associated with

Agriculture and those with Industry. Since Agriculture supplies the basic subsistence goods for all social groups, the non-agricultural social groups would always stand to lose if there is a general increase in the relative prices of agricultural commodities, especially food grains.

Moreover, in a country like India where backward agriculture has not been transformed into just another branch of capitalist production it stands out as a distinct sector with distinct production relations of its own.^{21/} Besides these, the material production conditions in agriculture are so different from the other sectors of production as to require to be treated as a separate sector. But Agriculture remains outside our scope of discussion and hence no separate treatment of it is attempted in the following pages.

The Ancillary Sector: Our next sector of activities is what we call ancillary. Products of the core sector require to be disposed of, value added requires to be realised, surplus requires to be appropriated and distributed. Activities which are necessary for all these are included in this sector. The term ancillary reflects this supporting nature of these activities. Apart from trade - wholesale and retail, we include here, banking finance and business services.

The existence of the ancillary activities presupposes the existence of commodity producing activities within the core sector. In fact, the size of the ancillary sector is directly related to the

size of the commodity producing part of the core sector and also to the size of surplus generated there. For a given level of commodity production in the core sector, the size of ancillary sector would depend upon the modes of surplus generation. For example in an economy, where production is carried out in small scattered units the ancillary may have to be relatively large.^{22/} It may also have to be large in an exactly opposite type of economy, e.g. one where the core sector is highly concentrated and the level of labour productivity is very high.^{23/} In the former situation, the dispersed nature of the market, necessitates a relatively large trading sector to establish links between the producers and their distant consumers, even if the level of production is not very high. A non-mechanised transportation method may also require a relatively large no labourers to transport a relatively small volume of goods.

Since, in such a situation, traders themselves are also largely carriers of their goods the number of traders may be relatively large. In the latter situation, geographical concentration of producing enterprises and consumers in large urban conglomerate and introduction of modern trading methods like supermarket etc. reduces the relative size of employment in trading activities. But other ancillary activities, like advertising, which are essentially sales promotion activities tend to expand enormously. Furthermore, the scope of banking and related financial activities increases enormously.

As no surplus is produced in the ancillary sector, income received by the groups associated with this sector is a net deduction

from the surplus available for appropriation by the surplus appropriating groups in the core sector. Now in a situation where commodity production has developed so much that the ancillary sector has been subordinated and reduced to a part of the core sector, the social groups associated with the ancillary sector could be treated at par along with the corresponding groups associated with the core sector. There wouldn't be conflicts to any significant degree between two social groups having similar social positions in terms of other three attributes but belonging to two different groups of activities i.e. the core and ancillary.

But this would not be so in a situation where the ancillary activities have a large degree of independence and have not been fully subordinated to the core sector.^{24/} In many underdeveloped countries including India, the trading activities have expanded considerably, disproportionate to the level of commodity production within the core sector. Overdeveloped trading sector in such an economy thrives on the small base of commodity production and siphons off surplus generated there and thus retarding overall development of productive forces in the economy.

The Public Administration and Defence: To reproduce the existing social order and maintain the hegemony of ruling classes, a definite political superstructure is needed. Functioning of this political super structure requires services like public administration, judiciary, police and armed forces. The labour force engaged in these services is included in this sector.

The distinctive features that justify grouping of these services in a separate sector are as follows:

Firstly these services are not 'produced' as commodities. There exists no market, no price, imputed or real for the services 'produced' by this sector. Furthermore, no use value may be said to exist of these services, for the general/^{public} who may be identified as 'consumers' of these services. In fact some activities of the state are in the nature of coercion upon certain social groups and thus useful to the ruling social groups. The state, however, provides utilities, which are enjoyed by every sections of the population, to varying degrees.

Secondly this sector is maintained out of surplus generated in the core sector and is purely a surplus consuming sector. This surplus is siphoned off the core sector mainly by way of indirect taxation. A relative rise or decline in the volume of employment in this sector and in the volume of expenditure incurred by this sector would indicate a change in the pattern of utilisation in the social surplus.

Thirdly, what is most important, coercive nature of the state apparatus perforce puts the social groups associated with this sector in a situation of confrontation with other social groups that are not part of the ruling classes.

Fourthly, the organised nature of the state apparatus creates the possibility of frequent interactions between the members of social groups associated with it. Particularly, the monolithic

character of the armed forces creates strong ties among its members. In a social situation, where a number of social classes are contending for dominance, without any overwhelming supremacy of any single class, this organised nature of some of the social groups associated with this sector put them in a position of special advantage. Particularly, the armed forces may emerge as one of the most important pressure group within the society. In many third world countries, such a situation does exist.^{25/}

The ideological services: The social fabric of a class divided society cannot be held together by the repressive instruments of the state alone. An ideological superstructure is also necessary so that the existing social order can have an ideological mooring and social classes can be induced to conform to the existing social structure, without involving repressive measures of the state on every occasion. The activities which are required to reproduce the ideological order of a society are grouped together in a sector that we call Ideological Services.

We, however, need to decide exactly which activities are to be included in this sector. There cannot possibly exist any objective criterion for deciding this issue. We take the view that any activity which is in the nature of disseminating ideas should be included here.^{26/} But this position calls for a number of explanations. For example, what should be the status of educational activities by this criterion?^{27/} Teaching by definition is an activity meant for disseminating ideas, which are of routine nature, codified and well formulated, requiring not much improvisation on the part of their

disseminators. In other words, not much of creative or imaginative faculty is necessarily invoked in the act of teaching. In the field of so called general education and especially in the social sciences, (at the higher levels) where teachers are called upon to sharpen the existing ideologies, seek justification for the continued reproduction of existing social order and thus rear fresh ideologues for the ruling classes, teaching is largely ideological in nature. But in the fields of physical sciences teaching as an activity is largely non ideological in nature.

In this sector are included activities like production and distribution of cinema, theatre, literature, music, painting etc. i.e. all the activities which are classified as 'entertainment and culture' in the standard industrial classification. This sector also includes all kinds of religious activities.^{28/} The ideological role of religious activities is hardly disputed and needs no elaboration. But the activities relating to creation of artistic objects as well as provision of entertainment necessarily involve upholding or opposing certain social values and attitudes, a certain world outlook. This world outlook may or may not directly coincide with the interests of a given class at a given point of time.

What justifies the grouping of all these activities in a separate sector is the specificity of labour process involved and the particular social role of these activities. The specificity of labour process involved in all these activities lies in the relatively high degree of independence and control over their own labour process performers of these activities exercise. There is hardly any way one

can lay down rules for creating any new idea, a new work of art.

An artist, an author or a musician may have to produce to meet the needs of his patron be it a feudal lord or a capitalist buyer or the general public but, so far as his work-process is concerned, he enjoys a considerable degree of freedom. The scope for subdividing a work process that results in a piece of art is minimum (not in theatre, cinema etc.) and therefore, we can hardly have a technically determined hierarchy of labourers working together within a creative activity. For some modern art form like production of a movie, which requires a co-operative labour process, this is not true. A cinema in modern capitalist society may be produced in the same way as any other product is produced within a factory, but still we have a different kind of work organisation here, with a large degree of initiative and decision making power left to individual workers (except for those who either carry out routine technical job or perform only manual labour).

This very independence of a creative labourer belonging to this sector puts him in a delicate position clearly revealing his ideological preferences. If he chooses to give expression to the ideological prejudices of the ruling classes and endeavours to uphold their ideas, then he is directly working against the dominated classes. If he does otherwise, he is pitted against the ruling classes. In either way, his action goes in favour of some classes and is detrimental to some other classes.

The 'Organised Services': From the rest of service activities, we separate out those which are organised mostly on a social basis and group them together in a single sector. We call this sector - 'Organised Services'. Education, Medical and Health and Sanitary Services are the constituent parts of this sector.

A large part of these services is not produced and sold as commodity in the market and it requires a social organisation like the state to organise these activities. This becomes necessary since these activities are essential for the reproduction of the society with a certain level of skill, density and physical ability among its members. This social need cannot be fully met within the household nor can many of these services be produced profitably as commodities on the required scale. Most of these services are generally positively correlated, in terms of size of employment, with economic development.^{29/} This is expected since economic development requires a better quality of the labour force to handle the means of production which gets continuously revolutionized. And also with economic development and rise in per capita income, better quality of life rather than greater amounts of material goods becomes increasingly in demand.

A distinctive feature of the social groups associated with this sector is that these groups lack any effective bargaining power vis-a-vis other social groups to increase their share in the total social surplus. This is due to the fact that these services, though socially necessary, can be dispensed with for a short duration without any cost to the social groups who dominate society. Those within the sector sell their services as commodities (e.g. private doctors) can

however effectively raise prices of their services and can maintain or increase their share in total social surplus. But this is not true for many others within this sector.

Unorganised Service: Individuals in a society have some elementary human needs, which can be satisfied only by services provided directly by person to person. So a part of the labour force must be engaged to provide these services to individual consumer units. Barkers, cooks, nurses, domestic servants etc. provide such services. These service workers are included in the sector we call 'unorganised services'. The term 'unorganised' is used to highlight the fact that most of the workers in this sector deal individually on individual basis with consuming households themselves without being employees of any enterprise.

With economic development and introduction of new gadgets many of the services included in this sector come to be provided within household by the household members themselves.^{30/} So there would be a fall in demand for such service workers in the course of economic development.

Previously in Indian village societies these services were provided by members of some specific castes. Still today this association between castes and these services persists to a large extent in India.

The Second Attribute: Occupational role or hierarchy defined by work organisation within an activity

So far we have considered a division of working force into various sectors of activities. We now consider a second attribute

which is the position of an individual labourer within an activity, i.e., his position in the hierarchy within the economic organisation of which he is a part. This position signifies the relations an individual enters with others participating in a single activity, which relations form a part of the production relations embracing an individual. This position is indicated by the specific role an individual plays within labour process.

In a class divided society this hierarchy within an activity is not solely determined by technical aspects of the work process defining the activity but also by social conditions of production. This hierarchy is essentially a hierarchy of control of ones labour by another. In the context of appropriation of surplus by non-producers these functions of control are mostly on behalf of the surplus appropriators. And there lies an important source of conflict between those who carry out the functions of control and those whose labour are controlled by others. The presence of this conflict justifies our use of this attribute for classification of working force. Moreover the nature of work for any individual, determines, to a large degree, his life styles and life chances. For any economic agent, the nature of work he is engaged in does not change arbitrarily over his life time and generally remains confined within a narrow spectrum of similar kinds of work. This relative rigidity of an economic agent's position and role within a determinate labour process expresses and also reinforces the inequality among classes and strata in terms of control and directive power over the process of surplus generation, extraction and appropriation in the context of society at large.

Hierarchy within any labour process gets determined mainly by two aspects of the process namely, that of control and the content of labour. The control aspect has again two ramifications - namely,

- (1) control of persons and
- (2) control over the decision making process, and the functioning of work organisation at its various levels.

The control of persons entails the functions of supervision and management of personnel. This role of supervision and management is restricted to certain categories of functionaries only. Among the rest of labourers within a work-organisation, there exists differentiation in other aspects but not in the respect of control of one's labour by another.

The control over the decision making process involves the functions of initiating an action, allocation of responsibilities to those in the lower level of hierarchy, fixing the strategic objectives of an organisation and for a given strategic objective deciding over the action necessary to realise it. The functions relating to the control of the decision making process are confined to the conception and planning stage of the labour process, while the functions relating to the control over persons extends into the stage of execution of the labour process.

By the content of labour, we are referring to some intrinsic qualities of labour, as expressed in the complexity of the job involved and also in the subject matter of the work. The complexity

of a job determines the degree to which a labourer has control over his labour and to that extent his relative independence from the control over his labour by others higher in hierarchy. The subject matters of the work are classified into two broad types - one consisting of symbols, signs and concepts and the other consisting of physical objects. In other words, this division refers to the division between mental and manual labour.

Using these two aspects (i.e. the control aspect and the content aspect) of the labour process, we distinguish the following six levels of hierarchy.

(a) Those who control, at various levels, the decision making process and determine the overall direction of a work-organisation. They are the managers.

(b) The next of the hierarchy are those possessing technical know-how who control the production process at its technical level and hence control the labour of workers below them. They are the highly skilled technicians and professionals. They are not generally concerned with the overall management of the labour process, but only with that part of it in which they possess expertise. They are said to be performing mental labour and the nature of their job is generally complex enough to enable them to retain control over their own labour to a large extent.

Examples of such labourers are, engineers, qualified accountants, doctors in large hospitals etc.

(c) The third level includes those who perform mental labour (or rather non manual labour) at much lower level of skill and expertise than the previous category. Jobs are less complex and much more in the nature of routine ^{work} but nevertheless involve dealing with signs, and symbols. The best example of this category of workers is the clerical worker.

(d) The fourth level includes those who perform skilled manual labour. It is true that any type of skilled labour requires some amount of mental work and decision making faculty but skilled manual labourers are different from the others described above in one important respect, namely their direct participation in the production process. Labourers in this category do not exercise control over other's labour to any significant extent. Since the workers in this category possess specialised skills they retain some amount of control over their own labour, subject to the overall direction of others higher in hierarchy. In a situation where labour has been alienated from the meaning of production this very fact of alienation will act as a controlling force over their labour.

(e) The next level consists of those who perform semi-skilled manual labour. These labourers generally operate with machine and their skill lies mainly in that operation. The line of division between this category and the previous one is thin and for all practical purposes we may group them together. Braverman has quite rightly argued that the "concepts of "skill", "training", "education" are themselves sufficiently vague" and if the conventional usages of the terms are accepted, then "the gap between the skilled and the

semi-skilled worker is a matter of "years" of training, while the creation of "semi skill" as against "no skill" is accomplished in "two to twelve weeks"^{31/}. The distinction between these categories of workers becomes then of a purely quantitative nature without such social significance. For our purpose, what matters is the nature of control a labourer exercises over his own labour. For a skilled labourer, the actual workprocess is subject to the control of labourer himself, in a strictly technical sense. But, for a semi skilled labourer, the actual work process is controlled, to a greater or lesser degree, by an outside force, in the form of a machine. But both these labourers cannot be regarded as mere suppliers of motive force behind any work process, which is the characteristic features of the unskilled manual worker.

(f) Unskilled manual labourers who provide mainly human energy to a work-process, lie at the bottom of the hierarchy in any work-organisation. The best example of such a worker is the loader/unloader of goods.

The third attribute: Relations determined by the ownership of means of production

We now turn to our third attribute, namely ownership (legal and economic) of individual economic agents with the means of production. Ownership of the means of production may be classified into two broad types, which are not exclusive of each other.^{32/} Firstly we have, what is called legal or juridical ownership of means of production. An economic agent is said to have legal ownership over some means of production, when he has the legal right to put into socially

accepted use of the means of production and also has a legal claim to share the benefit, resulting from such a use. But this legal right needs not be comprehensive as it sounds. In fact it may turn out to be only paper right as in the case of multitude of share holders of a large corporate business enterprise. An economic agent is said to have economic ownership of some means of production when he has effective control over the uses of the means of production, though he may not enjoy any legal property - right over those means of production.

The concept of legal ownership as such needs no explanation, as long as we keep in mind that the content of various rights that legal entitlement confers on an owner varies from society to society and varies within a given society depending upon circumstances.

In the concrete case of the Indian economy, we do not consider the issue of legal vs. economic ownership to be of much importance, since separation between legal and economic ownership of the means of production has not progressed much in Indian economic enterprises.^{33/} However, we must remember that there exists a large public sector in India and the issue assumes some importance for these enterprises. In precapitalist agricultural sector also the issue may be important in a different way an absentee landlord leasing out land to tenants is legal owner of means of production but has not the means of production in his possession. Since Agriculture remains outside the scope of the present thesis and the social significance of economic ownership of means of production in public sector enterprises is not as yet very important, we shall not be considering these two aspects of

ownership differently.

Three broad categories can be distinguished by this attribute- namely (a) employers (b) employees and (c) self employed workers. We discuss them below:

(a) Employers - By employers we mean not all who effectively own means of production and get them worked by wage labourers but only those who do not work themselves and employ a certain minimum number of wage earners so that the principal part of their income is profit. There is no objective criterion for determining this minimum number which depends on the size of socially determined average enterprise.

(b) Employees - Employees are those who do not own any means of production and who earn income by selling their labour power.

(c) Self employed - The self employed workers are those who own their means of production and work themselves with their means of production but do not employ wage labour.

Conflicts of interests existing between employers and employees are too well known to merit any discussion at this point. Conflicts would exist between employers and those who are self-employed in a situation where self-employed persons are being alienated from their means of production by competition offered by employers with access to better technology and the organised money-market. The ownership of means of production however, creates a social chasm between self employed persons and employees, since the former to preserve their property rights over their own means of production, must necessarily support the interests of property owners in general and thus come

into conflict with the general interests of property less persons. For the marginal owners of the means of production, the gulf would not be of much significance, however.

The fourth attribute: Organisation of production

The fourth attribute that we employ is the form of economic organisation through which an individual economic agent participates in the division of labour within a society. The form of organisation is specified by a set of socially sanctioned rules that guide the interpersonal relations between economic agents working within a given work-organisation. Different sets of rules provide different perspectives and latitudes for actions that could be adopted by different categories of economic agents in their struggle for better social and economic conditions and also for greater social power. For example, the set of rules that guide the interpersonal relations obtained in a large private corporate enterprises is quite different from that obtained within a household business enterprises. This would in turn produce significant heterogeneity among economic agents who might occupy similar positions in terms of the other three attributes. For example, an unskilled factory worker and an unskilled construction worker employed by a labour contractor cannot be distinguished by the first three attributes. But there exists a real distinction in the class behaviour of these two categories of workers. [For a more detailed analysis see chapter 5].

The forms of economic organisations are not unchanging but are always evolving and getting transformed as a result of struggles

between classes and also due to changing technical requirements of production processes.

The various forms of economic organisations that we observe at a given point of time can be classified into two broad types, the basis of classification being the social accountability and social control of the rules guiding various aspects of an economic organisation. This social accountability and control are generally imposed on an economic organisation through some enacted laws. We call these two broad types of organisation (i) corporate form of organisation (ii) non corporate form of organisation. By corporate form of an economic organisation, we are referring to those which ^{presupposes} the existence of the organisation as a separate legal entity and which ensures a certain minimum level of activity. The criterion of separate legal existence excludes household enterprises, self employed workers and those business firms which are not companies (understood in the conventional sense). Even from among companies, we exclude these which operate below a certain minimum level. This exclusion is necessary to ensure that social accountability and control which we have referred to before are enforced in reality. Our corporate sector also includes Public administration and defence and all state enterprises since the criteria for defining corporate enterprises apply to them most rigorously. All other engaged in any economic activities are included in the non corporate sector.

There are certain legal rules characterising each particular form of economic organisation - viz, the legal conditions of employment, legal rights of various categories of workers to form associations,

legal norms constraining the expansion of the organisation etc. The presence or absence of these rules are important for determining the alternatives that are left open to different categories of economic agents for realising their interests. And in fact the short term interests of these economic agents also get modified and transmuted by these rules. For example the immediate interests of unskilled construction workers retained by an individual labour contractor are not similar to those employed in a large corporate construction firm. These divergence in their immediate interests might create a cleavage among them and create obstacles to the process of formation of a single class out of them.

This completes our description of the four attributes we have chosen for classifying economic agents into meaningful social groups.

Section III

A quantitative Exercise: Classification of the Indian working population

Classification by Clark-Kuznets Methods^{34/}

The table 2A presents the distribution of Indian working population for four census years among the usual three broad sectors used in Clark-Kuznets types of studies. The conclusions that can be drawn from this table are quite straight-forward.

Firstly, the overwhelming majority of the working individuals continue to be engaged in the primary industries, thus indicating the predominantly agrarian nature of the economy. We need not attach

any special significance to the percentage increase in the labour force attached to primary industries between 1901 and 1951 because the size of primary industries has possibly been overestimated in 1901 due to the lack of proper demarcation between manufacturing and agricultural population. One can however, easily conclude from the table that, one principal feature of economic development, i.e. a shift of working people from primary to secondary industries has been absent in India.

Secondly, the relative size of the secondary sector has remained almost constant between 1901 and 1971, though there has been an increase in the absolute size of this sector.

Thirdly, between 1901 and 1951 there has been both an absolute and a relative decline in the number of persons attached to the tertiary sector and thereafter the tertiary sector has improved its relative position but only marginally. The decline in the tertiary sector employment, during 1901-1951 both in relative and absolute terms, has been partly due to the changes in the definition of working force employed in the two census years (i.e. 1901 and 1951) and partly due to the contraction in the employment of religious preachers and priests, domestic servants, musicians, dancers and also petty traders.^{35/} The decline of these occupations could be taken as an indicator of the changes that have been occurring in the mode of surplus utilisation in the country, but not necessarily in the mode of surplus generation.

One can therefore conclude that the figures for India does not suggest any vigorous transition from precapitalist modes of production towards the capitalist mode during the period understudy, although there has been decline of certain categories of unproductive workers associated generally with the traditional form of surplus utilisation. This is about all that can be inferred about structural changes in the Indian working force from an application of the Clark-Kuznets framework to India data.

No studies on gradations of occupations according to their status and prestige in society has been made for India as a whole. We, therefore, do not have any basis to classify occupations according to the states and social prestige associated with them, in the way western sociologists have done and which we have discussed earlier. In the next part of this section we therefore go over to our own classification scheme.

Classification of the Indian working force by our four attributes

Tables 2B to 2E present results of the exercise in classification of the Indian working force in terms of our four attributes, specified and discussed above. It has not been possible to give figures for all the groups that may be formed by the inter section of these four attributes. What we have been able to do is to classify the economically active part of the population by each of these attributes individually, so that only the marginal figures of the desired fourfold table are obtained.

Table 2Bs give distribution of the economically active population in the different activity groups that we have defined. It can be seen from the tables that an overwhelming section of the economically active population is engaged in the Core activities for all the four census years. Between 1901 and 1951 there has been a modest increase in the relative share of persons engaged in the core activities. And this figure has remained almost constant for two subsequent census years (1961 and 1971). From table 2B.3 we can see that it was agriculture which contributed most to the increase in the percentage of persons engaged in the core sector between 1901 and 1961. Since the core sector provides for the material existence of all other sectors, a dominant core sector of constant or increasing size may be caused by economic stagnation within the core sector which is unable to generate sufficient surplus for maintaining a relatively large non core activities.^{36/} And low labour productivity within the core sector would also require a large number of labourers to maintain even a relatively low level of non core activities. If we take into account of structure of the core sector and predominance of agriculture within it, the slow progress of division of labour within the economy becomes even more clear.

Number of persons attached to ancillary activities has declined as a percentage of total earners between 1901 and 1961 and also between 1951-61 and 1901-51. However, between 1961 and 1971 there has been a relative increase in the number of persons engaged in ancillary activities. The trading activities which constitute the most important component of the ancillary sector, also shows a

similar trend. If we compare the number of traders in 1961 (working proprietors only) with that of 1901, we in fact, find an absolute decline in the number of traders (see table 2C.2). It has been generally observed in developed countries that, in their course of economic development, the ancillary activities have expanded both absolutely and relatively,^{37/} But in India, already in 1901, a large trading sector had come into existence, reflecting the underdeveloped character of the colonial economy. This left little scope for any further growth of employment in the trading sector. Within the trading sector, however, the number of hawkers and peddlars increased 22 times between 1901 and 1961 (2C.2). This means that number of marginal traders with little or no capital has increased enormously. Lack of employment opportunity has probably been forcing a large number of unemployed persons to resort to sundry ancillary activities including trading so that they can eke out somehow a living for themselves.^{38/} In real terms, such workers constitute a part of the reserve army of labour force, but in a disguised form.

Two sets of activities besides the core which have improved their relative positions among the earning individuals are the organised services and public administration and defence. Within the organised services, it is the 'educational services' which has grown enormously. Between 1901 and 1961, the number of persons employed in the educational sector has increased by a factor of 12.24. Employment in activities related to Medical and Health, another

component of the organised services has increased, however, only by a factor of 4.11. The number of persons engaged in the sanitary services, the third component of our organised services, has declined by a factor of 0.64 during the same time period. The increase in the number of persons employed in the civil administration and defence has been only marginal, by a factor of 1.66 only.

It may be kept in mind that all these activities are mostly supported out of the surplus collected by the State. In the context of a slow pace of industrialization growth of these activities to the observed extent looks lopsided. This means that the state, by its deliberate policy actions, has aided the growth of some specific social strata like professionals, salaried employees etc.

One activity that is experiencing persistent decline over time, in terms of the number of persons engaged in the activity, is the ideological activity. The major components of this activity group are religious services and entertainment and cultural services. Number of persons engaged in religious services has halved between the years 1901 and 1961. During these years there has been a decline in absolute numbers of musicians, dancers etc., who are included in the entertainment and cultural services. In 19th century and earlier periods, these persons i.e. religious preachers, priests, musicians, dancers etc. were maintained by kings and landlords.^{39/} They were supported out of the surplus extracted from the peasants and very often they were also provided with the free lands, a part of the produce of which belonged to them. The decline in the number of

these persons signify a decline in the number and economic and social power of their patrons and a change in the mode of surplus utilisation within the economy. Decline of the Ideological activities does not mean that role of ideology and ideologues have waned in India. This only means that role of traditional ideologues has declined giving place to newer varieties.

The contraction of employment in the unorganised services is as expected and indicate the changing consumer tastes and habits.

So far we have discussed the changes in distribution of the Indian working force according to our first attribute. But we need to mention here some important changes that have occurred within the core sector. The core sector is evidently constituted of the primary and secondary sectors in the Clark-Kuznets classification. And we have already discussed the implication of the observed changes of distribution of the Indian working force between these constituent part of the core sector. Besides those changes, an important changes has been occurring within the manufacturing activities. We are referring here to the significant growth in factory employment which has grown, as a percentage of non-agricultural labour force from 1.30% to 7.66%. As a fraction of employment in manufacturing, it has grown from a mere 4.10% in 1901 to 21.62% in 1961. But this growth has occurred not at the expense of agricultural employment but only at the expense of artisans and independent makers and sellers. So along with a slow process of industrialisation, measured only in terms of relative magnitude of manufacturing employment, there has been occurring a process of destruction of independent and petty commodity producers

and artisans. On the basis of this observation, it is possible to put forward a hypothesis that Indian bourgeoisie has not experienced any serious contradiction with the dominant agrarian classes over the issue of supply of labour to manufacturing industries since this problem of labour supply is being solved by a structural change within the existing small industrial base, by the destruction of petty commodity producers.

Table 2Cs give the distributions of the Indian non-agricultural working force according to our second attribute, cross classified by our first attribute. From the tables we can see that between 1951 and 1961, there has been little change in the relative magnitude of persons at various levels of hierarchy, within work-organisation. The one group which has increased its relative position within the total non-agricultural working force is the group of semi-skilled mental labourers, which includes clerks, technicians etc. But within different sectors of activities, there has been some restructuring of hierarchy, which essentially reflect the changing nature of organisation of non-agricultural production.

Within the core sector, in 1901, almost all (99.4%) of engaged persons were manual labourers (skilled, semi-skilled and unskilled). In 1961, the corresponding figure was 93.9% indicating some growth non manual labourers within the core sector. In fact, professional and skilled mental labourers, as a percentage of total engaged persons in the core sector increased from 0.2% in 1901 to 0.6% in 1961 and semi-skilled mental labourers increased from 0.4% in 1901 to 4.0% in 1961.

In the ancillary sector, we find a reverse picture. In 1901, 95.2% of engaged persons in this sector were managers, working proprietors etc. while only 2% were manual labourers. But in 1961, 28.9% of engaged persons in this sector were manual labourers and only 63.3% of engaged persons were in the category of managers, working proprietors etc.

The above changes in the core and ancillary sector lends support to our earlier contention that within the non-agricultural part of the economy, there has been a shift of workers from traditional work organisations based on traditional technique and non-wage labour to modern work organisation based on modern techniques requiring skilled mental labourers and also based predominantly on wage labour. In other words petty commodity producers and petty traders are gradually being eliminated from the non-agricultural economy.

Table 2Ds show the distribution of individuals according to their nature of relationship to the means of production (our third attribute). From the table we can see that upto 1961 employers and employees together constituted a less than a third of total earners and there has been a remarkable stagnancy in the number of persons belonging to the wage labour system upto 1961. But between 1961 and 1971 there has been a sharp escalation in the number of persons belonging to the wage labour system. This has been principally due to the rise of agricultural labourers. How much of this rise has been due to redefinition of the census categories and how much due to real increase in the size of agricultural labour force

is a pertinent question and we need not stop here to get into that issue. We, however, can obviously note the straight forward fact that the wage labour system is still not the dominant mode of labour system in the Indian economy as a whole.

In table 2D.2 we have classified only the non-agricultural part of the economically active population, according to the system of labour involved, cross classified by the sectors of activity. It can be seen from the table that, within the wage labour system, the core sector accounted only for 8.4% of the occupied population. But it should be remembered that the unclassified section of these in the wage labour system consisted mostly of the so called 'general labourers'. Since we have decided earlier not to distribute individuals falling under this category into agricultural and non-agricultural part, it may be true that we are actually underestimating the share of the core sector in the work force participating in the wage labour system. Had we excluded the 'general labour' category in toto, then the share of the wage labour system as a whole would have gone down much, from almost 40% to 22.4% of total non-agricultural economically active population. It can be also seen from the table that in 1961, within the non-agricultural part of the economy, the wage labour system has gained predominance, and within the wage labour system, the core sector has become overwhelmingly dominant.

Finally, we need to find out the distribution of the non-agricultural work force between organised (in our sense) and unorganised sector. Such data being not available, we have reproduced from the 1971 establishment tables the distribution of non-agricultural work force between organised and unorganised sectors. The organised sector includes here all those who are engaged in establishments employing more than ten employees. Obviously our organised sector should be a proper subset of this organised sector. It is obvious from the table 2E that even in 1971 most of the non-agricultural work force were in the unorganised sector. This implies that the classes associated with the organised sector primarily, are still numerically relatively insignificant.

Appendix I

A note on the Concept of Surplus

The notion of surplus, as we have already noted, is extremely important for the classification of activities for our purpose. So it will be worth our while to give some explanation about it.

A recent text book defines surplus as, "the volume of commodities over and above that required to support the workers who produced it."^{1/} This notion of surplus is essentially the one that had been implicitly employed by classical political economists, starting with Smith and Ricardo. Marx essentially took up this definition but gave a completely new orientation to it.

Implicit in the above definition is the assumption that there exists a socially determined minimum level of subsistence of direct producers and surplus is what is produced above that 'minimum level'.

It has been, however, argued by Polanyi and others that there exists no absolute concept of surplus, as there does not exist any absolute 'minimum level of subsistence'. "A given quantity of goods or services' according to those authors, "would be surplus only if the society in some manner set these quantities

aside and declared them to be available for a specific purpose".^{2/}
 These authors view surplus as a purely institutional concept and a part of the social product becomes social surplus because society names it so. Hence the question whether a particular activity can generate surplus or not has no meaning from this point of view.

Marx provided a more precise formulation of the substance and form of surplus, though only in the context of a capitalist economy. According to Marx, social produce is the sum of exchange values, which is necessary social labour materialised in commodities. Surplus exists only in the form of surplus value, which the direct producers produce over and above what is necessary to reproduce the existing conditions of production including their labour power.

This definition of surplus, or rather surplus value, however, does not say anything about how to determine whether any particular economic activity generates surplus or not. Even among the marxists there is little agreement about the status of different activities in the process of surplus generation within a capitalist economy. Marx's own standpoint has been interpreted differently by different authors.^{3/}

In ^{the} Theories of Surplus Value Marx carried out a lengthy discussion on Smith's two concepts of productive and unproductive labour. Marx there clearly rejected one definition and accepted another. According to Smith's first definition the productive labour is that "sort of labour which adds to the value of the subject upon

which it is bestowed"^{4/} and the unproductive labour has "no such effect". That Marx accepted this view as the correct one is evident from the numerous passages in the chapter under discussion. To quote one, - "The determinate material form of the labour, and therefore of its product, in itself has nothing to do with this distinction between productive and unproductive labour. For example, the cooks and waiters in a public hotel are productive labourers in so far as their labour is transformed into capital for the proprietor of the hotel".^{5/} "A writer is a productive labourer not in so far as he produces ideas, but in so far as he enriches the publishers who publishes his works".^{6/}

But Smith gave another definition of productive labour, as the labour which, "fixes and realizes itself in some particular subject or vendible commodity which lasts for some time atleast after the labour is past".^{7/} Marx rejected this second definition of Smith by saying -, "the designation of labour as productive labour has absolutely nothing to do with the determinate content of the labour, its special utility, or the particular use value in which it manifests itself".^{8/}

But there are cases when exchange of labour against capital does not by itself signify that labour is productive. For example, let us consider the case of merchant's capital. According to Marx, no value and hence no surplus value can be created in the process of circulation. And hence, "commercial worker produces no surplus value directly... but adds to the capitalist's income by helping

him to reduce the cost of realising surplus value, in as much as he produces partly unpaid labour".^{9/} So commercial workers should be looked upon as unproductive labour. Wage earners in banking and finance also are in the same category.

What we really want to point out is that a mere existence of capital-labour relation in any activity does not imply that labour employed in that activity is productive, in a surplus value creating sense. We need to have some prior notion about whether any value can be created in a particular activity or not. According to Marx, value is created only in production. That brings us to the question, what constitutes production. Is any thing that is produced as a commodity in an exchange economy to be regarded as production? If that is so, why cannot we take an advertising agency as producing a commodity, that is advertising copy.^{10/} In fact, there can hardly be any a priori rules to determine whether a particular economic activity is surplus generating, except in some unambiguous cases like real estate dealing. Therefore, we need to have a prior notion about this aspect of any economic activity.

We should remember that one analytical utility of the category surplus is that the volume of surplus available to an economy actually determines the growth potential of the economy under a given institutional arrangement of production. So from the point of view of development of social production, we take the prior notion that surplus is generated only in the sphere of material production.

Appendix II

Notes to tables 2A to 2Es

Data Source

The source of our data has been various census volumes. We have used mainly two census years for studying evolution of the labour force structure, namely 1901 and 1961. The choice of these two years bears no particular significance and has been dictated only by the availability of proper data. Only in these two census years, a classification of working individuals by occupation has been given. Moreover, 60 years is a moderately long period to indicate any change that has been taking place within the structure of labour force of a country.

Comparability of the data of the two census years

Between 1901 and 1961, changes had taken place in the geographical coverages and conceptual categories employed in the respective census operations. We indicate below the measures we have taken to render census figures of the two years comparable.

Geographical coverage: The geographical boundary describing India had changed between 1901 and 1961. So a direct comparison of two census figures is ruled out. In 1901, census volumes did not give a detailed classification of working individuals by occupation for each district or province and so it is not possible to directly

eliminate the figures for these districts or areas which are outside the boundary of present day Indian Union. Daniel Thorner constructed a comparable series of the working force figures for the present day India Union from 1911 to 1951, except for 1941.^{1/} He also provided a classification of the working force of the Indian Union for these four years by broad industrial divisions. We have calculated the correction factors implicit in his calculations for the changes in geographical coverage for these broad industrial divisions. Thus correction factor for an activity division, say, Agriculture for a particular year, say 1911, has been calculated in the following manner:

Correction factor for Agriculture in 1911

$$= \frac{\text{Workers in Agriculture in Daniel Thorner's series for present day Indian Union in 1911}}{\text{Workers in Agriculture for the entire India (including Burma and Pakistan) 1911}}$$

Since no correction factor is available directly for 1901, we have taken the average of the correction factors for 1911, 1921 and 1931 as also applicable for 1901. Now applying these correction factors. We have calculated a comparable figure for each occupation for the year 1901. For any particular occupation we have used the correction factor calculated for the industrial division to which the occupation concerned belongs.

Changes in the definition of 'workers': In 1901 census, we find the term 'Actual workers' which included the entire economically active

population having some income of their own. In 1961, however, the term 'worker' has been defined to include every one who was gainfully employed in some productive occupation. If some of the 'actual workers' in 1901 are excluded, the two terms become readily comparable. The categories that should be thus excluded from the body of 'actual workers' are (i) Agricultural rent receivers (ii) Persons having disreputable occupation i.e. beggars, ragrants, prostitutes, other rent receivers etc. In our classification of activities, the later group (i.e. persons with disreputable occupation) is included in the unproductive part of the economically active population, though the term is rather unsatisfactory in its implied value judgement. However, we do not exclude agricultural rent receivers from the agricultural working force, the simple reason being that Agricultural rent receivers are as much a part of the production system obtained in agriculture as a capitalist in industry is a part of the non-agrarian capitalist sector. Moreover, after the Zamindari Abolition Act very few persons would really describe themselves as pure agricultural rent receivers in 1961 and hence the so called 'unproductive occupation' would remain quite comparable between 1901 and 1961.

Construction of Tables

Table 2A: The entire working force for 1901, 1951, 1961 and 1971 are distributed into three broad sectors, namely primary, secondary and tertiary. The working force for each year comprises the following categories.

1901:- All actual workers, corrected for the changes in coverages. Since we have applied the correction factor to each occupation individually the total of working force obtained in our calculation is not exactly equal to that obtained by Daniel Thorner. But the error (5 lakh) is negligible.

1951:- All self supporting person (except those in unproductive occupations), including the agricultural rent receivers and all earning dependents are included in the working force. All workers are included in the working force (For 1961 and 1971).

The unproductive occupations are treated separately for each year and are not included in the working force. The primary sector includes Agriculture and Fishery. The secondary sector includes construction, mining, manufacturing, transport and communication. The tertiary sector includes the rest of the working force. The details of individual industries belonging to each broad sector is discussed in the paras related to the construction of table 2Bs.

Table 2Bs: In table 2B's we give the distribution of working force in 8 broad activity groups. They are described below:

Core:-1901 - In this, we have included the following categories:

i) Agriculture and fishing - which include the entire order called Agriculture and Pasture, with the following additions and subtraction. The following occupations have been added to Agriculture.

<u>Serial No. in Census occupation list</u>	<u>Name of the occupation</u>
79	Fishermen and fish
131	Toddy drawers
259	Silkworm rearing and gathers
349 (a)	Pitch and bark collector
358	Lack collector
360	Wax hones and forest produce collector
78	Cow and buffalo keeper
83	Collection of edible birds
149	Hay grass & fodder makers and sellers
354	Camphor gum & India rubber collector

The following occupation are excluded from the Agriculture

57	Clerk, bailiff and petty rent collectors
58	Director of Ag. and their staff
59	Forest officers
60	Forest rangers, guards, peons

ii) Manufacturing - It includes all makers and sellers and factory employment.

iii) Mining

iv) Construction workers, excluding general labourers but including earth diggers etc.

v) Transport and communication workers.

1951:- The broad divisions are same as in 1901. In Agriculture we include all the agricultural rent receivers (i.e. self supporting persons and earning dependant in livelihood class IV).

The earning dependent are included in the livelihood classes describing their principal means of livelihood.

We have not tried to redistribute the earning dependents in livelihood class VIII, for which no detailed industrial classification are available.

1961 & 1971:- The same broad divisions in 1901 are included in core. The entire household industries are included in core. The Agriculture consists of 1) Cultivators

2) Agricultural labourers

3) Division 0 in the distribution of persons at work other than cultivation.

The manufacturing consists of the entire division 2 & 3 and also the workers in Electricity and gas supply.

Ancillary: This includes all the workers in Trade and Commerce for all the census years. For 1961 & 1971, it also includes the group called business services.

Organised services: This includes Medical & Health, Education and Sanitary services for all the census years. For 1901 it also includes sweepers and scavengers. For later it years, it includes sanitary services and water supply.

Unorganised services: For 1901 it includes the following occupations - Indoor servants, groom, doorkeepers, cooks, water carriers, barbers, shamposes, washermen, and unspecified domestic servants and persons in non-domestic service establishments. For later years, it includes the industrial group called personal services and services by

Restaurants, Hotels etc.

State: For 1901, it includes all the workers in public force and administration^{and} also those workers that we have excluded from Agriculture. For later years, this includes the industrial groups called public administration (including army and police).

Ideological services: In 1901, this includes all workers in religious services and authors, editors, journalists, musicians. In later years, it includes religious and welfare services, recreational community welfare services. Unclassified occupations in 1901 includes general labourer and these actual workers who have not been classified in any of the above groups of activity. For later years, we have included all the workers who have not been included in the above 6 groups in the category called unclassified.

Unproductive occupation: In 1901, this includes disreputable occupation and persons living on non-agricultural rent, pensions, state allowances etc. For other years, this category includes persons having independent means of livelihood but not included in the category 'worker' - i.e. person of independent means and rentier, Beggars, Vagrants, Prostitutes etc.

Table 2Cs: In table 2Cs, we have classified the non-agricultural working force according to the position of working individuals in the hierarchy of the labour process, for the two years 1901 and 1961. The occupation included in each category are described below:

1901:- Skilled mental labourers include, 'superior' category of workers in factory sector. This category also included directors and managers for 1901, but we have not been able to separate them from technically qualified professional persons and hence taken the whole category to denote only the skilled mental labourers. Similarly 'superior' category in transport and communication is included here. Barrister and other qualified law workers, authors, journalists, medical practitioners (diploma holders plus non diploma holders) artists, priests, astrologers, religious mendicants, painters, sculptors, engineers, architects are included in this category.

In the semi skilled mental labourer category are included - draftsmen, technicians and all types of clerical workers, including village accountants. In the skilled and semi skilled manual labourers category are included - makers and sellers, factory workers, masons, thatchers, miners, other railway staff, cart owner and drivers, workers in dockyard, harbour and ships, workers in non-domestic service establishments and barbers, washermen, cooks, gardener. Unskilled manual labourers include porters, weighmen, earth workers and diggers, general labourers, sweepers and scavengers, shop keepers servants, peddlars and hawkers, unskilled workers in religious services and others in domestic services.

1961:- We follow almost similar classification as in 1901. However, in this year, we have been able to separate the directors, managers and working proprietors from the skilled professionals. All technicians are put in the semi-skilled mental labourer category.

Table 20s: The wage labour system is defined to include all persons who either employ others as wage labourers or are employed by others as wage labourers. For 1901, we do not have any information on the number of employers or employees. So from the title of the occupations we have decided on their employment status. For some occupations, there will be no ambiguity in this method. But, we will not be able to estimate the number of employers in this method.

In 1901 the following occupational categories were included in the wage labour system.

1. Agricultural Labourers
2. Plantation Workers and managers
3. Superior and subordinate employees in factories
4. Miners
5. Construction workers
6. Railway workers
7. Tram, dockyard labourer, shipping clerks, harbour workers
8. Post Office, Telegraph workers,
9. Porters, weighmen and watchmen
10. Labour contractors
11. Clerks in Engineering offices
12. Merchant's clerks
13. Shopkeeper's servants
14. Domestic servants
15. Other law service workers
16. Workers in non-domestic service establishment
17. All worker in education
18. Scientists, Civil Engineers and Surveyors
19. All workers in public force and administration
20. Sweepers and scavengers. Rest of the actual workers except unproductive workers are included in the other labour system. For later years, we have data on employment status of workers other than those engaged in cultivation. For these years we have treated agricultural labourers as part of the wage labour system.

Comparability of Censuses data 1961 and 1971,

1961 census clarifies persons as workers by asking whether they were working as cultivator, agricultural labourer, at household industry or doing any other work. A dual reference period, was used in 1961 census - 15 days preceding the day of enumeration in the case of regular employment and the whole working season in the case of seasonal employment. The census instruction to the interviewer reads as follows - "The basis of work will be satisfied in the case of seasonal work like cultivation, live stock, dairying, household industry etc., if the person has had some regular work of more than one hour a day throughout the greater part of the working season. In the case of regular employment in any trade, profession, service business or commerce, the basis of work will be satisfied if the person was employed during any of the 15 days preceding the day on which you visited the household".

The concept of worker underwent a substantial change in the 1971 census. 1971 census clarifies all persons into two broad categories; namely workers and non-workers on the basis of "the type of main activity that a person returns himself" as engaged in mostly". 1971 census also uses a dual reference period one week prior to the date of enumeration in the case of regular work in trade, profession, service or business and preceding year in the case of cultivation, live stock, plantation, some types of household industries etc.

A person clarified as non worker was also asked whether they were engaged in productive activities ~~or~~ or secondary work.

To ensure comparability, we have taken combined categories of primary and secondary workers in 1971 census and total workers in 1961 census as constituting economically active population. It has been, however, reported that " the question of secondary work was not properly canvassed" in 1971 census. So many women in rural areas were returned as non workers as per 'main activity' criterion although it was expected that they would be accounted for as workers by the criterion of gainful secondary work; Thus the total of primary & secondary workers in 1971 should be considered as gross underestimation and no undue importance need to be attached to the decline of total workers between 1961 and 1971. (See in this connection the article by J.N.Sinha in EPW, February 6, 1982.)

Table 2 ASectoral Distribution of the Working
force in India

(Figures in thousands)

Sectors	Years			
	1901	1951	1961	1971
Primary	78140 (67.53)	104868 (74.22)	138464 (73.39)	130981 (72.57)
Secondary	13964 (12.07)	18482 (13.08)	23207 (12.30)	24166 (13.39)
Tertiary	23612 (20.40)	17950 (12.70)	27005 (14.31)	25338 (14.04)
Total working force	115716 (100.00)	141300 (100.00)	188676 (100.00)	180485 (100.00)

Source: Census for different years

- Note: 1. For definition etc. see the appendix II.
 2. Figures in brackets give percentage to the column totals, respectively.

Table 2 B.1

Distribution of Economically Active Population
in various activity groups in 1901, 1951,
1961 and 1971

(Figures in lakhs)

Activity groups	Year			
	1901	1951	1961	1971
Core	921	7104	1617	1551
Ancillary	62	68	78	89
Necessary services	10	15	29	45
Personal services	41	30	42	44
Civil Administration and Defence	20	22	34	50
Ideological services	12	9	8	7
Unclassified	86	65	79	19
Sub total	1152	1413	1887	1805
Unproductive	22	10	30	33
All Total	1174	1423	1917	1838

Source: Census volumes for respective years

Notes: For the method of construction see the accompanying text and appendix II.

Table 2 B.2

Distribution of economically Active Population
in various activity groups in 1901,
1951, 1961 and 1971

(in percentage)

Activity groups	Years			
	1901	1951	1961	1971
Core	78.45	84.61	84.35	84.38
Ancillary	5.28	4.78	4.07	4.84
Necessary services	0.85	1.05	1.51	2.45
Personal services	3.49	2.11	2.19	2.39
Civil Administration and Defence	1.70	1.55	1.77	2.72
Ideological services	1.02	0.63	0.42	0.38
Unclassified	7.32	4.57	4.12	1.03
Sub total	98.11	99.30	89.43	98.19
Unproductive	1.89	0.70	1.57	1.81
Total	100.00	100.00	100.00	100.00

Source: Same as in 2 B.1

Note: For the method of construction see the accompanying text and appendix II.

Table 2 B.3

Industrial distribution of working force in India in 1901 and 1961
(Figures in thousands)

Industrial categories	Year		Growth factor	Percentage of working force in 1901	Percentage of working force in 1961
	1901	1961			
1. Total population	238179	438937	1.84		
2. Working force	115716	188676	1.63		
3. Agriculture & fishing	78051	137546	1.76	67.45	2.90
4. Mining	89	918	10.31	0.08	0.49
5. Manufacturing and repairs	11997	18127	1.49	10.37	9.61
6. Construction	853	2060	2.41	0.74	1.09
7. Trade and Commerce	6150	7654	1.24	5.32	4.11
8. Civil Administration & Defence	2046	3394	1.66	1.77	1.80
9. Education	148	1811	12.24	0.13	0.96
10. Medical and health	157	645	4.11	0.13	0.34
11. Services by domestic servants (cools etc.)	1820	1555	0.85	1.57	0.82
12. Services of barbers, hair dress, washermen	2234	1820	0.81	1.93	0.96
13. Legal services	55	134	2.44	0.05	0.07
14. Entertainment services	265	292	1.10	0.03	0.15
15. Non domestic establishments like restaurants, eating houses, boarding etc.	30	805	26.83	0.03	0.43
16. Transport and communication	1114	3020	2.71	0.96	1.60
17. Sanitary services	642	411	0.64	0.55	0.22
18. Religious services	885	448	0.51	0.76	0.47
19. Other including those without having any specified occupation	9178	8036	0.88	7.93	4.26

Source: Same as in 2 B.1

Note: As in table 2 B.1

Growth factor = $\frac{1961 \text{ figure}}{1901 \text{ figure}}$

Table 2 C.1

Distribution of non-agricultural working force by broad occupational characteristics and activity groups

(Figures in thousands)

Sl. No.	Board occupational categories	Year							
		1961			1961				
		Activity group		Total	Activity group		Total		
	Core	Ancillary	Other	Core	Ancillary	Other	Total		
non-cores									
1.	Working proprietors, directors, managers, etc.	a.	5856	n.a.	5856	357	4819	1575	6551
					(16.13)				(13.70)
2.	Skilled mental labourers	51	-	1130	1181	145	16	1288	1449
					(3.25)				(2.94)
3.	Semi skilled mental labourers (like clerks)	79	171	802	1052	931	573	3102	4606
					(2.90)				(9.35)
4.	Skilled and semi skilled manual labourers	12835	-	1930	14765	18705	156	112	19981
					(40.67)				(40.55)
5.	Unskilled manual labourers	8937	123	4392	13452	3255	2047	11190	16492
					(37.05)				(33.47)
	Total	21902	6150	8254	36306	23393	7611	18275	49279
					(100.0)				(100.0)

Source: Same as in table 2 B.1

Note: Figures in brackets give percentage to the column total. For details see the appendix.

Table 2 C.2

Mental and Manual labourers as percentage of non-agricultural economically active population in 1901 and 1961

(Figures in percentage)

Types of labour	Year	
	1901	1961
1. Mental labourers	6.13	11.67
2. Manual labourers	76.98	75.47
3. Unclassified	16.89	12.86
4. Total	100.00	100.00

Source: Census 1901 and 1961

Note: . for details see the text in appendix II.

Table 2 C.3

Growth of some selected occupation in India between 1901 & 1961

(Figures in thousands)

Name of the occupation	1901	1961	Growth factor
1. Traders (working proprietors only)	5438	4689	0.9
2. Peddlers and hawkers	36	800	22.22
3. Skilled Mental labourers			
a) Doctors	92	242	2.6
b) Engineers, Scientists, architects etc.	7	388	55.4
c) Lawyers, Barrister etc.	16	67	4.2
d) Artists, authors, editors, journalists	216	193	0.9
e) Teachers	139	1582	11.4
4. Clerical workers	859	1934	2.3
5. Religious preachers etc.	750	392	0.5
6. Science and Engineering technicians	5	60	12.0
7. Health service, technical workers including nurses, midwives etc.	64	323	5.0
8. Manual labourer			
a) Factory workers	492	3918	8.0
b) Artisans	2449	2273	0.8
c) construction workers, including general labourers in 1901	853	1304	1.5
d) Sweeper and scavengers	679	802	1.2
e) Domestic servants	1820	1533	0.8

Source: Same as in table 2 B.1. Growth factor = $\frac{1961 \text{ figure}}{1901 \text{ figure}}$

Tabl 2 D.1

Distribution of economically active population
according to modes of labour involved

(percentage)

Year	Wage Labour system	Other Labour system	Outside any Labour system	Total
1901	25.88	71.82	2.30	100.00
1951	29.46	69.58	0.96	100.00
1961	29.20	68.53	2.27	100.00
1971	42.94	53.28	3.78	100.00

Source: Census for different years

Note: 1. See the text and appendix II.

2. "Outside any labour system" include unproductive occupation only.

Table 2 D.2

Distribution of Non-agricultural work force
by activity groups and system of labour
inv lved

(figures in thousands)

Activity groups	Year			
	1901		1961	
	Wage labour system	Other labour system	Wage labour system	Other labour system
Core	1242 (8.82)	12836	11026 (73.27)	4022
Ancillary	258 (4.20)	5892	2928 (37.90)	4797
State	2048 (100.0)	-	3391 (99.91)	3
Organised series	843 (82.32)	141	2484 (86.64)	383
Unorganised series	1820 (44.29)	2289	2214 (50.79)	2145
Ideological series	135 (12.26)	966	531 (40.08)	394
Unclassified	8375 (98.18)	755	1352 (17.41)	6415
Total	14721 (39.79)	22279	23926 (56.85)	16159

Source: Same as in 2 B.1. For details see the appendix II.

Note: 1. Wage labour system includes employers and employees.
2. Other labour system includes self employed and family workers.
3. Figures in brackets refer to percentage of row totals for respective years.

Table 2 E

Distribution of non-agricultural work force
between organised and unorganised sector in
different industries year 1971

(Figures in lakhs)

Name of the Industry	Organised sector	Unorganised sector	Share of the unorganised sector (percentage)
1. Mining and quarrying	0.75	7.82	91.2
2. Manufacturing and repair	56.04	113.19	66.9
3. Electrical, gas and water	1.70	3.50	67.3
4. Construction	0.62	20.89	97.1
5. Trade and commerce	13.64	86.99	86.4
6. Transport, storage and communication	7.77	48.94	86.3
7. Services	42.76	89.39	67.6
Total	132.28	370.72	73.7

Source: Census 1971 Established tables.

Note : Organised sector includes all those who are working in establishments employing more than 10 people.

Foot Notes

- 1/ For a review of the literature see the article by Robert W. Hodge & Paul M. Siegel: "The measurement of social class" in International Encyclopedia of the Social Sciences (ed.) by David C. Sills: The Macmillan Company & The Free Press, 1968.
- 2/ The most important among these studies are: Colin Clark: Conditions of Economic Progress, 3rd Ed., Macmillan, London, 1957.
- Simon Kuznets: "Quantitative Aspects of the Economic Growth of Nations II, Industrial Distribution of National Product and Labour Force", Economic Development and Cultural Change (July 1957 supplement),
- :Six Lectures on Economic Growth, Glencoe, Free Press, 1959.
- Chenery H.B.: Patterns of Industrial Growth, American Economic Review, September, 1960.
- 3/ See Simon Kuznets: Economic Growth of Nations, Harvard University Press, 1971, p.201.
- 4/ Marx used two expressions "division of Labour in manufacture" and "division of labour in society". Division of labour in society refers to the "typing down of individuals to a particular calling" whereas division of labour in manufacture refers to the division of work process resulting in a particular commodity to a number of sub processes requiring employment of different individuals. (See Marx: Capital, Volume 1, Moscow edn. 1965, p.350-359). We are using the terms technical and social division of labour with a different connotation. While by the technical division of labour we understand the division of labour that are technically determined and as such transcends institutional boundaries, by social division of labour we understand that aspect of division of labour which are institution specific. In reality these two divisions are always intertwined with each other. See Carchedi (op.cit.), p.58.
- 5/ For a discussion of changes of such service industries in respect of U.S. economy see the article by David Weintraub and Harry Magdoff: "The service industries in relation to employment trends" in Econometrica, Vol.8, October, 1940, p.289-311.

- 6/ This happens as the productivity in the commodity handling functions of the distributive trades increase much more slowly than in the commodity producing industries, see Weintraub & Magdoff: *ibid.*, p.297.
- See also George J. Stigler: *Trends in Employment in the Service Industries*, Princeton, 1956.
- 7/ See George J. Stigler: *ibid.*, and also P. R. Bauer and E. S. Yamey: "Economic Progress and Occupational Distribution" *Economic Journal*, Vol. 59 (December 1951), p. 629-31.
- 8/ In the early phase of capitalism however, there was a spurt in the number of domestic servants. In Britain, for example, the "domestic servants increased as a percentage of the total labour force throughout nineteenth century whereas, proportionally and absolutely they have declined in the twentieth" - vide C. M. Cipolla (ed.) *The Fontana Economic History of Europe*, Vol. 3, p. 383.
- In Charles Booth's study of occupational structure of Britain, there does not emerge such a clear trend, but there is definitely an absolute amount of growth in the number of domestic servants and the percentage increase is comparable to the percentage increase in the total labour force - See Charles Booth's article in *Journal of Statistical Society*, England, June 1866, p. 414.
- 9/ For the methodology involved see Paul K. Hatt: "Occupation and Social Stratification": *American Journal of Sociology*, Vol. 55, No. 6 (May 1950), p. 533-543.
- For a general review see: Carlo L. Lastraucchi: "The status of occupational Research", *American Sociological Review*, Vol. 11, No. 1, (February 1946), p. 78-84.
- For, an actual illustration of this method See Warner W. Lloyd (ed.): *Democracy in Jonesville*, New York, Harper & Row, 1949.
- For an excellent critique of these studies see Lipset SM & R. Bendix: "Social Status and Social Structure", *British Journal of Sociology*, Vol. 2 (1951).
- 10/ Quoted in G. D. H. Cole: *Studies in class structure*, Routledge & Kegan Paul, London, 1964, p. 55-56.
- 11/ *ibid.*, p. 57.
- 12/ Alba M. Edwards: *Comparative occupational statistics for the United States (16th census, 1940)*, Washington, D. C., 1943.

- 13/ Moser, C.A. & J.R.Hall: "The Social grading of occupation" in D.V.Glass (ed.), *Social Mobility in Britain*, New York, The Free Press, 1954, pp.29-50.
- 14/ For a detailed methodological statement of such approach see Lloyd Warner, Marchia Meeker & Kenneth Eells: *Social Class in America* (Chicago: Science Research Associates, 1949). Most of these studies are based on opinion research survey, carried out by National opinion Research Center, United States.
- 15/ Recently Prazeworski et.al have used a multi-dimensional approach to study the evolution of class structure in France with the French Census data: See Adam Prazeworski, B.R.Rulin and E.Underhill: 'Evolution of the Class structure of France 1901-1968' in *Economic Development and Cultural Change*, Vol.28 (July 1980), p.701-724.
- 16/ A classic description of the development of a class of free wages labourers by disbanding the feudal system of production in Agriculture can be found in Marx: *Capital*, Vol.1, Chapter 26 on, "The so-called Primitive Accumulation". See also Maurice Lobb: *Studies in the Development of Capitalism*, Routledge and Kegan Paul Ltd., 1963, p.221-254.
- 17/ See the discussion on the criteria involved in segregating services from other goods producing activities in T.P.Hall: "On goods and services" in Review of Income and Wealth, December 1977, No.4, p.315-318.
- 18/ Quoted from Paul Studenski: *The Income of Nations, Part Two Theory and Methodology*, New York, University Press, New York, p.25.
- 19/ *ibid.*, p.25.
- 20/ For an interesting discussion on the concept of economy itself see, Maurice Godelier: *Rationality and Irrationality in Economics*, New Left Books, London, 1972, p.251-257.
- 21/ The subject of relation of production in Indian agriculture has been debated in the pages of *Economic and Political Weekly*, Bombay. For a detailed bibliography see Abhijit Sen: "Market failure and control of labour power: towards an explanation of 'structure' and change in Indian agriculture" Part 1 & 2, Cambridge Journal of Economics, 1981, Vol.5, No.3 and 4.

- 22/ For an explanation of the relatively large ancillary in underdeveloped countries in the same vein see Surinder K.Mehta: "A comparative Analysis of the Industrial structure of the Urban Labour Force of Burma and the United States" - Economic Development and Cultural Change, Vol.9, January 1961, p.164-179.
See also Simon Rotenberg: "Note on 'Economic Progress and occupational distribution", The Review of Economics and Statistics, Vol.35 (May 1953), p.168.
- 23/ Bauer P.T. & Yamey B.S. (op.cit.), p.744-46.
- 24/ Thus Marx has written, "The independent and predominant development of capital as merchant's capital is tantamount to the non-subjection of production to capital and hence to capital developing on the basis of an alien social mode of production which is also independent of it. The independent development of merchant's capital, therefore, stands in inverse proportion to the general economic development of society" (Capital, Vol.3, Moscow, 1974, p.327-28).
- 25/ For role of army in third world countries see Crouch H: The Army and Politics in Indonesia: Cornell University Press, 1978. and Gavin Kennedy: The Military in the Third World (New York: Charles Scribner 1974).
- 26/ For a highly abstract treatment of the concept of ideology see L.Althusser: "Ideology and Ideological State Apparatuses" in Lenin and Philosophy and other Essays, London, 1971.
See also Joe McCarney: The Real World of Ideology; Harvester Press, 1980.
- 27/ About the class basis of different educational policies see Bill Williamson: Education Social Structure and Development, Macmillan, London, 1979.
- 28/ For the role of religion as an ideological weapon in class struggle see R.H.Tawney: Religion and the rise of Capitalism, Harmondsworth, Penguin (paper back).
and also see Donald E.Smith (ed.): Religion, Politics and Social Change in the Third World, The Free Press, New York, 1971. For a materialist interpretation of the Indian religious tradition and culture. See D.D.Kosambi: Myth and Reality, Popular Prakashan, Bombay, 1962.

- 29/ See Weintraub & Magdoeff (op.cit.), p.305-307.
and also George J. Stigler (op.cit.), Table 3, page 6.
- 30/ For a short history of the changing structure of the domestic service see, the 1st chapter in A.M. Mehta: *The Domestic Servant Class*, Popular Book Depot, Bombay, 1960.
- 31/ Quoted from Harry Braverman: *Labour and Monopoly Capital*, Social Scientist Press, F Trivandrum, 1979, p.431.
- 32/ For a theoretical treatment of the two types of ownership in a capitalist economy see Charles Bettelheim: *Economic Calculations and Forms of Property*, Routledge and Kegan Paul (Direct edn.), 1976, p.73-75.
- 33/ The idea of separation of ownership and control in large U.S. Corporations was first proposed by A.A. Berle and G. Means: "The Modern Corporation and Private Property" Macmillan, New York, 1967. But recently M. Zeitlin has questioned whether even in U.S. such a separation is really a matter of that significance: see M. Zeitlin "Corporate Ownership and control: The Large Corporations and the Capitalist Class" in the American Journal of Sociology, Volume 79, No.5, March.
- 34/ Our estimates give only broad indications and there are number of studies giving the industrial distribution of work force: See, B.R. Kalra: "A Note on Working Force Estimates 1901-61" Appendix I of Census of India 1961, Paper No.1, 1962, p.789.414.
J. Krishnamurty: "Secular Change in the occupational structure of the Indian Union 1901-61" in the Indian Economic and Social History Review, Vol.2, No.1, January 1975. Some of the problems in estimating the work force with the Indian data has been discussed in R. Chattopadhyay: "De-industrialisation in India Reconsidered" in Economic and Political Weekly, March 22, 1975, p.523-531.
- 35/ See the table 2 C.3
- 36/ Kuznet has thus written "Thus low per capita product is associated with low productivity in most sectors, but particularly in agriculture; with a large proportion of the labour force attached to agriculture and required to feed the population, with a dominance of small individual enterprises, not only in farming and handicrafts, but also in transport, finance, and other services" from Simon Kuznets: *Post War Economic Growth, Four Lectures*, Harvard University Press, 1964, p.8-9.

37/ See Weintraub & Magdoft (op.cit.)

38/ For a discussion of the so-called marginalised labour Force pursuing all sorts of tertiary activities for a meagre livelihood, See A.O. Quijano: "The marginal pole of the economy and the marginalised labour force" in *Economy and Society*, Vol.3, 1974, p.393-420.

39/ According to Irfan Habib, the bulk of the official land grants in Mughal periods were given to so-called 'men of learning' and religious devotees: See Irfan Habib, *Agrarian systems of Mughal India*, Chapter 8 on Revenue grants.

Foot Notes to Appendix I

- 1/ Quoted from Joan Robinson and John Eatwell: An Introduction to Modern Economics, Tata McGraw Hill, New Delhi, 1974, p.14.
- 2/ Quoted from Harry W Pearson: "The Economy has no surplus" in Karl Polanyi (ed) Trade and Market in the Early Empires, The Free Press, 1957 (p.322-326).
See also the critique of Pearson's position in Marvin Harris: "The Economy has no surplus?" in American Anthropologist, Vol.61, April 1959, p.185-199.
- 3/ For a review of the debate see E.K.Hunt: "The categories of Productive and Unproductive Labour in Marxist Economic Theory" in Science and Society, Vol.43, p.310-324.
- 4/ Quoted from Adam Smith: The Wealth of Nations, Every Man's Library, London, 1964, p.294-295.
- 5/ From Marx's Theories of Surplus value, Progress Publishers, Moscow, 1969, p.159.
- 6/ *ibid.*, p.158.
- 7/ Smith (*op.cit.*), p.295.
- 9/ Capital, Vol.3, p.300.
- 10/ See Hunt (*op.cit.*) p.321. Marx himself says in Results of the Immediate Process of Production" as far as the question of productive labour is concerned... The nature of these (produced) objects is quite immaterial" in Hunt (*loc.cit.*).

Foot Notes to Appendix II

- 1/ See Daniel Thorner and Alice Thorner: Census of India (1961), Project, Indian Statistical Institute, Bombay Branch (mimeo), 1960.

APPENDIX - B

THREE IMPORTANT SOCIAL STRATA

In this ^{appendix} we are going to discuss a few important social groups (or strata) which belong to the loosely defined, so-called, middle classes. These three groups are - (a) Professionals (b) Managers and (c) the civil bureaucracy. We have already identified these three groups in terms of our four attributes in chapter . Our treatment of these three groups shall be brief and we are interested only in identifying the contradictions which differentiate each of these groups from other social groups and classes. The groups are discussed in three following sections respectively.

Section I

The Professionals

The internal structure of the professionals are best understood if we classify these professionals into smaller sub-groups according to their positions in the social division of labour which are indicated by the nature of activity they are engaged in.

The first group comprises of those who are engaged in what we call core activities. The best example of this group is an engineer. All physical scientists who are engaged in the sphere of material production belong to this group. Physical and other natural

scientists engaged in research are also included in this group since development and adaptation of new technology and production process know-how directly affects the generation of surplus, by increasing the productivity of labour.

The second group includes those whose functions are only auxiliary to the generation of surplus. They help to appropriate and distribute social surplus. They are the accountants, the tax specialists, management consultants, personnel and labour welfare officers, advertisement executives etc. etc. These professionals are engaged in what we have called ancillary activities. The specialised know-how, that these professionals possess are generally required for a smooth and efficient running of capitalist system of production and distribution of surplus and rise of these professionals is contingent upon the development of capitalist mode of production.

The third group consists of those who performs services directly for the final consumer, e.g. doctors, lawyers etc.

The fourth group includes all those whose principal function is ideological in the sense that it is only to maintain and reproduce the existing ideological superstructure that the services of these professionals are required. We call them ideologues. They include priests, artists, authors, editors, journalists and other cultural workers. These professionals are mostly employed in what we have called ideological services and we have already discussed the ideological content of such services.*

* In Appendix I of this chapter we have given the list of occupation falling under different groups.

Numerical magnitudes and other quantitative dimensions of the professionals are discussed in the appendix of this chapter and presently we pass over to the discussion of contradictions, between the professionals and other social groups. Before that, let us briefly consider the contradictions which have been found to exist among the professionals themselves.

Internal contradictions among the professionals

There are a few category of professionals who are found in almost every known form of society, capitalist or precapitalist. Functions like performance of religious rites, entertainment of people and other cultural functions, literary pursuits, administration of medicine etc. are not specific to any particular form of society based on a specific mode of production. But the actual way in which these functions are carried out, are, however, susceptible to changes. For example, traditional ayurvedic or unnani doctors and modern allopathic doctors, though carry out same functions, represent two completely different systems of medicine. We call the professionals who carry out these traditional functions in a traditional way, 'traditional' professionals. We call the rest of the professionals 'modern' professionals.

The bulk of these 'traditional' professionals are engaged in ideological services and thus belong to our fourth group of professionals.^{1/} The priests, dancers and singers form the majority among them. In the traditional village society, they used to receive a share in the social surplus in lieu of their services. In India we

had the 'Jajmani system' where these professionals were allotted a piece of land from which they collected rent.^{2/} Kings and landlords also maintained them out of the surplus they appropriated from the peasant masses. After the establishment of the colonial rule in India, the power and privileges of these traditional rulers and landlords got significantly curtailed and for the traditional professionals, there was a substantial shrinkage of patronage.^{3/} The colonial power, however, needed a new type of professionals who would carry out some necessary functions like providing technical expertise for construction of railways and other infrastructures, articulare the ideological and cultural needs of the colonial power etc. Thus along with the decline, in the number of traditional professionals, we find a veritable upsurge in the growth of the modern English educated professionals. This rising trend of the modern professionals continued in the post colonial period too. This phenomenon is clearly revealed in the following table.

Structure of Professionals in India (in percentage)

Year	Traditional	Modern	Total
1901	96.8	3.2	100.0
1961	58.3	41.7	100.0
1971	43.7	56.3	100.0

Source: Census volumes of respective years.

Note: For the actual composition of the traditional and modern professionals see the appendix.

Another important characteristic of these two types of professionals is their uneven distribution between Rural and Urban areas. The traditionals as expected are largely concentrated in rural areas, whereas it is the opposite in the case of modern ones.^{4/}

In this rise of urban English educated modern professionals with concomitant decline of traditional ones lies a deep contradiction between them. Let us, for example, take the case of medical profession.^{5/} Allopathic medicine was brought to India by the British. Since import of British medical personnel was costly and not feasible on a largescale, medical colleges were set up to train Indian medical men who were generally subordinate to their English counterparts. These trained allopathic doctors, like their English educated academic counterparts, grew into a large body of professionals under state patronage. After independence these allopathias were able to determine the entire medical and health policy of the Indian government.^{6/} The indigenous medical practitioners took the names of patriotism and nationalism to put up a struggle but the colonial legacy persisted with the post-colonial government and no systematic effort was undertaken by the Indian government to preserve and update through research the scientific contents of our indigenous medical system.^{7/} Such discrimination on the part of the government gets expression also in the fact that pay scales of indigenous medical graduates in government services is generally lower than that of modern medical graduates.^{8/}

The general preference for modern allopathic medicines also helps the allopathic drug industry which is dominated by foreign multinationals. These multinationals through intensive sales promotion schemes are able to persuade the general public that their products constitute the only choices. The medical practitioners also benefit from prescribing costly medicines which need not be the best available alternative.^{9/} The well known case of a baby food manufacturer is an example of this complicity between a group of highly qualified professionals and a very large multinational.^{10/} Since the indigenous drug industry is much less powerful than the modern drug industry, we find that the Ayurvedic and Unnani doctors have failed to elicit support from the state power which has been constantly promoting the modern drug industry.^{11/} Thus the interest of these modern professionals is completely at variance with that of the traditional ones and also with that of a section of Indian bourgeoisie, the indigenous drug manufacturers.

This has also been true for the academic professionals in India. The age old sanskrit and vernacular speaking teachers, but for some initial exception, did not receive any colonial patronage and gradually became extinct.

Contradiction between professionals and other social groups

Contradiction between employed professionals and their employers: The employment pattern of professionals shows that the modern professionals are mostly paid employees, the largest employers being the

state. Among the traditionals, however, a large degree of self employment prevails. (for details see the appendix). Therefore, the contradictions arising between an employer and his employees involve a large section of the 'modern' professionals.

Firstly a contradiction may arise in the determination of income level of the professionals, which would depend on the bargaining power of the professionals vis-a-vis their employers. Professionals in the core sector have considerable bargaining power since they are in a position to affect production decisively by their collective action. Furthermore, since control of the technical side of the production process is really in the hands of the qualified professionals, who are thus expected to organise production process on behalf of the owners of the means of production, a standard of living higher than the ordinary workers are generally accorded to the professionals, so that their life-style is commensurate with the authority they exercise. We thus observe that qualified engineers receive among the highest incomes in both the public and private sectors.^{12/}

The professionals engaged in the ancillary activities are not less important, so far as the functioning of the capitalist sector is concerned. A chartered accountant or a public relation officer of a corporate firm therefore, do not earn any less than those employed in the core sector. The professional association which sometimes confer degrees to the new entrants in the respective professional fields (e.g. chartered accountants), acting like a guild, try to restrict the supply of such professionals and create a scarcity value for themselves.

It should be noted that contradiction between the professionals as employees and their employers are of a different order in comparison to the contradictions arising between the wage earners and their employers. Since the wages of workers constitute a more important part of the cost of production than the salaries of the professionals, the capitalists always try to reduce the wage cost by introducing new machines instead of eliminating some of the professionals by introducing labour intensive techniques requiring less professional expertise. In fact, introduction of sophisticated machines may lead to an increase in the demand for experts.

Another contradiction that may arise between an employer and his professional employees takes the form of a struggle for the control of the labour process.^{13/} The professionals claiming specialised knowledge about the technical side of production may like to have the final words about technology, production process etc. But, such a claim may run counter to the interests of the employer.

In a country like India, where a significant part of the industrial technology is borrowed from abroad, this contradiction may appear in another form. A section of the engineers and scientists who are interested in developing indigenous technology, may feel frustrated if they do not get any encouragement from the investors.^{14/} Many scientists and engineers themselves during the period of independence movement established their own enterprises based on indigenous technology. For example, the noted chemist Acharya P.C. Roy ~~started~~ Bengal chemicals. Unfortunately, however, such ventures have become rare in independent India, due to large scale

import of foreign technology and know-how. There is a reverse picture also. The modern highly qualified professionals being trained in the West very often prefer the most sophisticated and advanced technology, which always turn out to be a foreign one, irrespective of their applicability and suitability under the Indian conditions. They thus, consciously or unconsciously, become conduit of foreign technology and culture to their country.

In a country like India, the intellectual co-ordinates of these educated modern professionals are largely borrowed from abroad, very often uncritically. They more often than not speak and communicate in a foreign language, use borrowed paradigm and methods in their study of their own society.

For example, in Sociology, it has been noted that the 'theoretical, methodological and substantive interests of American cultural anthropology' has influenced the Indian sociologists more than anything else.^{15/} Like sociologists, Indian economists also speak in terms of mythical "homo economicus", debate fiercely about the relevance of Ambar charka, inevitability of foreign aid and rationality-irrationality of Indian farmers. Even the Marxist economists do not find any need for suitably adopting the Marxian methodology to the Indian reality and uncritically accept the categories which have been developed by Marx in a completely different context.^{16/}

The physical scientists also take up research problems which are not immediately relevant to our national interest. They thus

clamour for more investment in atomic energy research while the relevance of atomic energy is being questioned even in developed countries. It has been thus justly said, "science in India, therefore, has developed without the appreciation of a new intellectual and philosophical framework, without a continuing dialogue with social thinking and without an effort to evolve a viable tradition by rejecting medieval and ancient religious philosophies and ideas. Lacking the support of an extensive industrial and technological movement, it has become isolated and almost totally dependent upon the government."^{17/}

Contradictions between professionals and their subordinates: Professionals, as we have seen, have frequently supervisory functions over their subordinates. The performance of the professionals engaged in the core sector are evaluated in terms of their ability to extract more surplus value out of the workers. Obviously the interest of the professionals is not here identical with that of the workers under his command. Since professionals also conceive of the technical aspects of the labour process, it is they who influence, sometimes decisively, the introduction of new labour saving machinery. In this process, they are placed in a potentially antagonistic position vis-a-vis workers. In a country like India, where cheap labour is abundant and remains mostly unutilised, the introduction of capital intensive technology, is more often than not, injurious to the larger interests of the toiling masses. Such technology, mostly imported, necessitates the growth of sophisticated modern professionals like highly qualified engineers, computer

programmers etc., at the expense of the skilled and unskilled workers.

Contradiction between the professionals and the broad masses: One aspect of this contradiction is in the nature of the contradictions that exist between buyers and sellers of any commodity. As it is well known, medical specialists are mostly out of the reach of the vast majority of the public, because of the high fees they charge for their services. By such social practices, they become alienated from the broad masses and come to acquire different life styles, different social association and hence different ideological preferences. The same is true of lawyers.

Another aspect consists in the cheating of the ignorant masses by these qualified professionals. It is specially true of legal professionals who thrive on the prolongation of the litigations. It has been alleged that, in the villages, "business is drummed up, litigation is formented by touts who bring in clients" since the practitioners know that, "litigation is more profitable to them than compromise and they have no difficulty in persuading clients into litigation".^{18/}

Contradiction between the professionals and other Classes on ideological grounds: What is most vital for the perpetuation of class hegemony by one or more classes over other sections of the society is to maintain cultural and ideological hegemony over other classes. But the ruling classes themselves cannot effectively perform the task of propagation of its ideas and values, and so they need, men of learning who will rationalise, justify and uphold the

existing social order or, at most, ask for a gradual reform without any violent break with tradition. These so called 'men of learning' do "what they are told to do and doing it well - and therefore endangering those other personnel, group, class and institutional interests which were opposed to the further domination"^{19/} of the existing classes.

We see that the professionals, in particular the modern ones among them have an identity of interests among themselves, which is distinct from those of other classes or social groups. On this ground, they certainly qualify to be treated as a distinct social stratum.

Section II

The Managers

In the advanced capitalist countries, the managerial stratum has been described as "the leading echelon of the property owning class".^{20/} In other words the managerial executives of capitalist enterprises not only belong to the capitalist class, they form the most energetic and dynamic elements of the propertied classes.

This is so because the professional managers in large enterprises share common interests with that of the large stock-holders in maintaining a high profit rate and maximising the long term return on capital. Since the growth and prosperity of the firm in which a manager is employed, create a better prospect for his career, the manager's personal interest in higher managerial remuneration, present

and future, fully converge with that of the legal owners of the enterprise.

This does not mean that there is no conflict of interests between managers and the legal owners. The conflict may arise between the managers of the big corporations and the small stock-holders, over the corporate dividend policy. The managers, as well as the big stock holders are more concerned than the small stock holders with a high rate of accumulation. The big stock holders any way have a high propensity to save and corporate saving is much less costly than individual saving given that taxes on personal income are higher. Also the value of stocks increases with the growth of the corporate enterprise. For all these reasons a low dividend policy is preferred by the bigger stock holders. The corporate managers have the same preference since their income and status increase proportionally with the growth of the firm they work in. The smaller share holder on the other hand prefer regular even if lower incomes to future higher values of their stock and thus prefer a high dividend policy.^{21/} Moreover since managers are paid employees, a high managerial remuneration runs counter to the interests of smaller share holders for it means a smaller amount of disposable profit.

The antagonism between the managers and the workers is much more direct and acute. As 'executors of property' managers function as the direct extractor of surplus value produced by the workers. At the level of production, the struggle between capital and labour appears in the form of struggle between managers and workers.

The social position and roles of the Indian professional managers are not, however, identical to those of the managers in developed countries. The peculiarities of the capitalist enterprises in this country has moulded the managerial stratum in a different way. To understand the social roles and the contradictions with other social class of the managerial stratum in India, we have to recall some of the peculiarities of capitalist enterprises in India.

We have already noted in chapter that Indian joint stock manufacturing enterprises, which made their appearance after 1850, grew mainly out of two sources, namely, indigenous banking and indigenous trade. From the very start, Indian industrial capital was closely connected with financial capital. This connection in the context of poor development of organised banking system, necessitated a form of management which was mostly family based. The management of most of the joint stock enterprises were entrusted to managing agents, which were virtually holding companies under the control of business houses, the ultimate owners of the managed enterprises.^{22/}

The complex financial transactions and manipulations that were necessary to maintain control over the managed enterprises and ensure a smooth flow of funds between the enterprises, made it imperative for the managing agency firms to adopt a secretive management system manned by the relatives and close associates of the owning family.

When some of the Indian business houses entered into highly capital intensive and modern sector like steel making, the technical

side of management could no longer be entrusted exclusively to family members. Thus the Tatas had to introduce the system of covenanted employees who were responsible for managing the affairs of Tisco.^{23/} The scale of operation of TISCO required some form of professional management to run it efficiently. General managers of the TISCO had always been paid employees and they were all non-Indians upto 1937, when J.Gandhi who had started as an apprentice in TISCO, was appointed as the first Indian general manager. J.Gandhi became a director of Tata Sons, the holding company of all Tata enterprises.

Since independence there has been considerable growth in the number of Indian professional managers, mainly due to two reasons. Firstly the foreign firm (subsidiaries, branches or other foreign controlled rupee companies) subject to various governmental restrictions took to Indianization of their management all along way. There has also been during this period a change in the managerial structure of the parent organisations of the Indian based foreign firms with greater emphasis on professionalisation of management. This had an impact on their subsidiaries and branches abroad. The high cost of maintaining expatriate managers also played a role in reducing their strength in host countries. Secondly, the rapid growth of public sector enterprises significantly contributed to the increase in the number of professional managers in India. Managerial employment in the public sector enterprises has also been higher than in the private sector. A comparative study^{24/} of the management pattern

of the two sectors shows that while in the private sector there are 37 employees per manager, the corresponding figure for the public sector is as low as 22.

The professional managers in India are largely concentrated in foreign multinational enterprises, a few big Indian firms and the public sector enterprises. A survey of management pattern of large independent houses and companies listed by the Industrial Licensing Policy Enquiry Committee shows that the great majority of the professionally managed houses or companies are controlled by overseas firms.^{25/}

The numerical strength of Indian managers is still very low. According to one estimate,^{26/} the total number of managers in the Indian industry was only one lakh in 1969. According to a RBI study,^{27/} the total number of high salaried (earning more than Rs.3000/- per month) full time employees in all non-government non-financial companies was only around 17 thousands in the year 1974-75. But the total remuneration earned by this small group was as high as Rs.99 crores (before tax), giving a per capita income of Rs.57 thousands for these managers.

The Indian government, has consistently tried to promote a professional managerial stratum. Institutes of management were established by the Government of India in collaboration with State Governments, the Indian business community and the Ford Foundation.^{28/} To train public sector administrators the Administrative Staff College of India was established on the pattern of a similar centre in the

U.K. And quite a substantial run of public money is being spent for training these professionals.^{29/}

We have now to examine whether Indian managers like managers in the advanced capitalist countries, experience similar contradictions and identity of interests with other social classes, whether Indian managers also form the most active and dynamic part of the propertied classes. Firstly, Indian managers employed in foreign controlled companies have only limited control over the decision making process within the enterprise. According to one study, "in most of the foreign companies, financial control of all kinds (is) centralized in the parent company. Decisions on capital expenditure, accounting procedures and even the details of financial policy (are) of necessity the prerogative of the home office management. The executives of the parent company usually initiate and always approve the selection, transfer and promotion of persons in key managerial positions in the local firm".^{30/} Another study of 30 multinational manufacturing firms of U.K. also noted that, "in a number of crucial sectors of decision taking, the parent company does closely supervise its affiliates, and only in the areas of labour (excluding managerial) recruitment, administrative techniques and sales promotion is the affiliate permitted any real autonomy. In particular, anything to do with large items of capital expenditure or research and development is centrally controlled".^{31/} It is not that the local management has no latitude in exercising judgement in the conduct of their business. As the

vice-president of the export division of Chrysler corporation put it, the control by the parent company is based "on the philosophy that an intelligent horse runs best under a light rein".^{32/}

Without a definitive control over the operations of the enterprise, Indian managers in the foreign firm are, therefore, in a precarious position. Being accustomed to a high standard of living and the market for managerial skill being too small, their personal stake in their jobs is very high and consequently they become committed to uphold the interest of foreign enterprises.

The managers in the public sector enterprises have the potentiality of developing into a managerial stratum with its own interests. But the control exercised by the state bureaucracy and the political executives of government has till now inhibited that development. Investment decisions of the public sector enterprises are mostly the prerogative of the executive branch of the government. But with the continued growth of the public sector, the possibility of emergence of a managerial stratum with distinct interests of its own will also greatly increase.

Section III

The Bureaucracy

Marx developed his theory of the state^{33/} as a counter-position against the subjective and idealist view of the state, formulated by Hegel and brought in sharp focus the material foundation of the state, which is class struggle. Marx thus had to refute

the view that the state is the realisation of an ethical idea, a concretisation of some so called 'general interest' in opposition to the multitude of particular interests prevailing in a given society. So in his early polemical writings the instrumental view of the state as a pure means of domination and repression by the ruling class/classes over the rest of the society gained prominence.

Such a view of the state puts the question of relation between the ruling class and the state and also that of the class position of the bureaucracy in an unproblematic way. The bureaucrats, in such a conceptualisation of the state cannot possess any specific interest of their own distinct from the interests of the ruling class and hence cannot constitute a separate social stratum. An orthodox Marxist would perhaps endorse the above view but a closer scrutiny of Marx's own writings makes such a reading of his position clearly untenable.

For example, in the case of British, Marx noted a disjunction between the 'ruling class' in the sense of political economy and the class, actually in charge of running the state apparatus.^{34/} Thus though the bourgeoisie had gained 'political recognition as the ruling class', the actual governing of the state "remained the guaranteed domain of the landed aristocracy".^{35/} Similarly in his analysis of the Bonapartism in the French society, Marx observed that the real governmental authority was in the hands of "a special caste of army officers and state officials".^{36/} An implicit notion of the 'relative autonomy of the state' can be read into many such

historical writings of Marx. Recently, this notion has been a subject of debate among Marxists.^{37/} We shall not go into that debate and make an elaborate treatment of the problem of the class nature of the state etc.etc. Suffice it to note that the State is not organisational representative of a class in the sense a party or a trade union or a chamber of commerce is. The state, in particular the modern capitalist state, is a complex social organisation, having some definite rules of functioning of its own.

The mode of functioning of the state apparatus is not of determined course/independently of the class relations; they set structural constraints on the operations of the State. The functioning of the state has to be consistent with the broad objectives of the ruling class - that is to maintain and reproduce on an expanded scale the existing hegemony of the ruling class. Given that broad objective, the state carries out many functions which cannot all be reduced to the function of protecting and furthering the interests of the ruling class.

The complexity of the modern state form has increased to an extent that it requires an army of specialists to carry out efficiently the different activities of the state, obviously in conformity with the broad objectives stated earlier. The possession of specialised knowledge of the state administration gives the bureaucrats, especially the top stratum of it, some degree of independence vis-a-vis the ruling classes in their day to day operations.

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For determining the class position of the bureaucracy, we need to analyse the power and authority the bureaucrats exercise over different social classes and the contradictions arising thereof. The class origin of the bureaucracy is also to be enquired, only in so far as the class origin affects the mode of functioning of the bureaucracy. The bureaucrats are by definition paid employees of the state. The question is how the bureaucrats are made to ensure this control by the ruling classes. The objective interests of the ruling classes are recognised and then applicable state policies are formulated so as to serve those interests. Apparently the role of political representatives of the ruling classes (both in the executive branch of the government and in the parliament and similar institutions at the provincial and district level) is supreme in this respect. But it is generally believed that the top bureaucrats have considerable say in the actual formulation of government policies, in a broad framework laid down by the politicians. In this respect, it may be interesting to quote a characteristic remark of a cabinet minister of Andhra - "If you want to understand politics in this state, you must realise that there are two governments. There is the Chief Minister surrounded by his Ministers and opposed to him is the Chief Secretary surrounded by his Secretaries. Everything that happens is the result of interaction between those two groups, the play of pressures on them and the conflict of interests between them".^{38/} There is a large element of truth in the proposition that top bureaucrats act as an identifiable pressure group.

After the policies have been formulated, the stage of implementing them arrives and the role of bureaucrats is all the more important at this stage. It is the bureaucrats who must interpret legal and administrative implications of different state policies and carry out the task of putting them into practice. Apparently many of these policies are neutral to the conflicting interests of different classes but in practice they turn out to be beneficial to certain classes only, mostly the ruling ones. This is so as the members of the ruling classes, individually or collectively, can influence the bureaucrats to act in their favour. It may be interesting to note the mechanisms of influencing the bureaucrats at different levels, which are described below:

Direct bribery is the simplest way to derive any undue favour from an individual bureaucrat. In many situations an individual bureaucrat has enough discretionary power to extend favour to a certain set of people.

The allegations of corruption in the civil administration had been so persistent that the government sometimes back was forced to appoint a committee to go into this matter. The Committee in its report listed 60 ways of corruption under eleven heads for a single department of DGSD (i.e. Directorate General of Supply and Disposal) which is responsible for a huge amount of governmental purchase and disposal.

The top bureaucrats very often land with lucrative jobs in the private sector after retirement for the services they provide to the individual business houses during their tenure in official positions. Normally, officials of all Indian class I (central) services are prohibited from accepting private employment for a period of two years after retirement, except of course, with prior government permission. But in many cases these permissions are easily granted. It has been reported that in many cases the officer so employed by a business house had an intimate official connection with it during his period of service under government.^{40/}

These and other ways through which bureaucratic favour may be obtained obviously give rise to a buyer-seller relationship between the bureaucrats and those who want to enjoy such favours. Conflicts arising between these two parties will therefore be in the nature of conflict over prices for obtaining such bureaucratic favour. Since the overwhelming majority of the population belonging to the non-propertied classes do not possess the means to buy such bureaucratic favours, they are always at a disadvantage and receive a highhanded treatment from the bureaucrats in routine matters. This buyer-seller relationship is, however, always constrained by the class-nature of the state, in the sense that a bureaucrat cannot extend his favour to anybody willing to pay, unless his decision conforms to the overall objectives of the state, that is of the ruling classes. The major constraint within which an individual bureaucrat has to operate is the legal bindings forcing

him to act in one way and not in another. So far as the constitution and associated legal framework represents an embodiment of general interest of the ruling classes, it acts as an important instrument available to the ruling classes to force the bureaucratic functioning conform to its general interests.

There is, however, a more important way through which members of ruling classes may exert pressure on the bureaucrats to force them to act on their behalf. This is through bringing about pressure on the service conditions of the individual members of bureaucracy in the form of exposure campaign etc. and most importantly by getting undesirable elements transferred to inconvenient places and positions. Transfer itself is, however, a bureaucratic act and question arises as to how does the ruling class enact it. Here comes the role of ministers and politicians in power. Assuming that the latter group articulates the general interest of the ruling classes and in fact but for the patronage of the ruling bestowed upon them many of them would not have come to power, the members of the ruling classes can prevail upon them to a varying degree of success in different circumstances, to make the bureaucracy work in a way favourable to members of the ruling class. The senior bureaucrats in important positions are chosen selectively. To what extent an individual bureaucrat can rise up in the hierarchy obviously depends upon his 'performance' that is his ability to serve the ruling class interests. The practice of indiscriminate transfer has quite often been resorted to by politicians to discipline an otherwise unyielding bureaucracy.

In a kind of political set up that we have in India, a bureaucrat can enjoy power to the extent he has the ability to enlist the support of a powerful political group or individual.

The extent to which the bureaucrats may go to please their immediate political masters, even if their activities may not be exactly legal (i.e. not in conformity with the broad objective of the ruling classes) has been clearly reflected in the situation of emergency. The observation of the Shah Commission is particularly revealing:-

"The public servants have not infrequently unduly exaggerated the fear under which they were functioning during the emergency with a view to avoid the likely consequences of a decision which may have been contrary to the express or implied wishes of the political and administrative policy makers. In a number of cases, officials were almost anticipating the wishes of those in authority. In the process many of them have also stood to gain, may be even notionally, by being allowed to continue in offices which were to their liking and which may have yielded conveniences or comforts incidental to the office and undoubtedly welcome to the incumbent".^{41/} It may be argued that the emergency situation only represents a pathological one and not a normal functioning of the system. But definitely these deviations, so to say, reflects the normal functioning of the system to some extent. It should be, however, mentioned that apropos the ruling politicians the bureaucrats are not just in a receiving end. The politicians have to take the bureaucrats into confidence

if they are to make use of them. And therein lies the power of the bureaucrats too. In an act of illegality, so to say, both the parties have to actively connive with each other.

A serious conflict, almost amounting to contradictions may arise between the bureaucracy and the ruling classes (especially the industrial part of it) when the bureaucrats themselves come to acquire economic power of their own, through state investment in industries, which may compete with the industries, controlled by the members of the ruling classes themselves.

To the extent the public sector investment is complementary, in fact supporting, to the private sector investments, the state and the bureaucracy is playing a useful role on the behalf of the general interest of the ruling classes. But when the public sector encroaches upon the private sector preserves, a serious conflict may ensue between the state, the bureaucracy and a section of the ruling classes.

So we find there exists three collective entities - the ruling class, ministers and politicians in power and bureaucrats. The functioning of the state may largely depend upon the complex power relationship existing between these three groups (or more if we assume a coalition of ruling classes). It will be simplistic to argue that one particular entity is beholden to another in any direct servile manner. A study of complex interaction between those groups that give rise to specific state policies and mode of its functioning itself is a big subject and beyond the scope of our present study.

Appendix

Growth and Income of Professionals in India

Data

Magnitudes: We have used 1901, 1961 and 1971 Census data relating to occupational status of the working population. In the 1901 census there was no such broad occupational category such as professional, technical and related workers as is available in the 1961 census. We have taken figures (after necessary corrections as has been explained in the appendix II of chapter 2) corresponding to the individual occupational categories as in the 1961 census from the 1901 census of data. The 1971 census does not give any separate table on the detailed occupation cum distribution of the working force. But we have a table on occupational distribution of non-cultivating working force based on a 20% sample of the individual schedules. We have used the data as given in the Fact Book on Manpower (3rd ed. 1977) published by the Institute of Applied Manpower research.

Sector of employment: Data on distribution of professionals in public, private and self employment sector are available from the Scientific and Technical Personnel (STP) census of 1961. We get data also from various studies conducted by CSIR, quoted in various editions of the "Fact Book on Manpower" and also from NSS studies on the urban labour force.

About STP census 1961, a few words may be necessary.

In the 1961 census, the census authorities conducted, besides the general population census, a special survey of the scientific and technical personnel. A special questionnaire was canvassed to those who had reported to be holding science degree or diplomas. The special census covered about 60% of the scientific and technical personnel in the country. In major states the inquiry was confined to all urban areas and some selected rural areas. Engineering and technical personnel tabulated in the census occupational table (i.e. Table B V) include all those who reported to be engaged in engineering and technical occupations irrespective of their educational status. Since the STP census covered only those who had degrees or diplomas in science and technology, and as many persons having degrees or diplomas are not engaged in engineering, scientific or technical occupation, the employment pattern of degree holders does not accurately correspond to the employment pattern in the posts of engineers, scientists and technologists. This problem may be of more importance for the general science degree holders as can be seen from the fact that a large percentage of science degree holders are engaged in non-technical work.

CSIR maintains a national register of scientific and technical personnel but the registration is voluntary and the coverage is not high. Here also the problem matching of actual post occupied and degree remains but generally those who register

themselves, are employed in jobs consistent with their qualifications.

The NSS has conducted from time to time surveys on the urban labour force and tabulated employment status of persons of various occupations. But the NSS provide figures for only a few occupations falling under the professional and technical category. We have taken figures for doctors only since modern medical men are concentrated in urban areas, we expect to get a fair picture of their employment status from the NSS reports.

Income of professionals: Income data have been collected from the following sources: (i) the STP census of 1961 (ii) the NSS survey on professions and liberal arts (18th round) (iii) income tax statistics and (iv) various CSIR studies. We have also made use of data available from the NSS surveys of the urban labour and NSS consumer expenditure surveys.

From the STP census, 1961 we have figures of income of scientific and technical personnel having degrees or diplomas. Since the coverage is mostly urban, the average income figures for various professional groups are likely to be over estimates.

The NSS report (No.159, 18th round) provided earnings per worker of workers engaged in various service sectors, called 'other services' such as education, health, legal, business, personal, religion and domestic services for the year 1963-64. The urban and rural areas were separately treated. The data represent average earnings for all those engaged in a particular service

and there exists no separate estimate of income for each occupational group working in different service sectors. But owner operators, hiring labour or not, may be expected, in many cases to be qualified professionals. Owner operators in health services are more likely to be doctors though nurses are also self employed, however, to a much smaller extent. The estimate of earning of doctors from this source thus provide a lower bound to doctor's income. Similarly, lawyers are expected to form the bulk of owner operators in the legal service. Owner operators in religious services can safely be assumed to be self employed professionals like priests, astrologers etc. only. The majority of owner operators in the entertainment services are likely to be artists and related workers. For some selected rounds, the NSS consumer expenditure survey reports provide estimates of per capita expenditure on some detailed items of consumption. From the 16th round report, we have calculated the average income of some selected occupational groups by a method described later.

Income tax authorities regularly publish data on income assessed, number of assesses and tax paid by them. We have taken the average post tax incomes of the tax payers in the non-company category in these professional service sectors.

CSIR collects from time to time data on income of the scientific and technical personnel registered with them. We have taken these figures from Fact Book on Manpower. A very small percentage of graduate engineers and technologists are registered with

CSIR. Since registration is voluntary nothing can be said about the reliability of these income figures.

Construction of Tables

Table 6As: As we have discussed earlier in the chapter, all occupations included in the 1961 census division of 'professional technical and related workers' do not qualify to be called professionals according to our definition. The following occupations are included in our study, classified into four groups as described in the text.

- (a) Professionals in core activities
 - (1) Engineers, Architects and surveyors
 - (2) Physical Scientists
 - (3) Biological Scientists
- (b) Professionals in ancillary activities
 - (1) Accountants and Auditors
 - (2) Personnel specialists, labour welfare officers
- (c) Professionals as ideologues
 - (1) Editors and Journalists
 - (2) Artists, Authors and related workers
 - (3) Religious workers like priests, astrologers etc.
 - (4) University and College teachers
- (d) Professionals in other services
 - (1) Doctors
 - (2) Lawyers

It should be, however, mentioned that all whose stated occupations fall in the core category, may not actually be engaged

in performing any of what we are calling core activities. For example what a sales engineer does is actually ancillary to production and he should in principle be included in the second group of professionals. Similarly, these engineers, architects etc. who are employed in government administration and perform only desk work ought not to be included in the first group. The 1961 census data show that only 47% of engineers, architects, and surveyors were engaged in the core sector (i.e. household and non-household industries, transport and construction). But of the rest we do not know how much were engaged in purely core activities like generation of electricity or research and development since the latter activities were all grouped in the sector called 'other services'. So we have no other way than to consider all engineers, scientists etc. as engaged in the core activities. Thereby, we are possibly overestimating the number of professionals engaged in the core sector.

In the table 6 A.2, we have distributed the professionals by two types, namely traditional and modern. The following professionals have been taken as traditional professionals:

- (1) other doctors including indigenous doctors
- (2) other artists and related workers which include singers and dancers
- (3) religious workers.

The rest of the professionals have been considered as modern professionals.

Table 6 C.3: To estimate net earning per worker for each service sector from the NSS survey on professions and liberal arts, we first calculated the cost incurred by the owner operators in each service sector and deduct it from the gross earning figure. But cost figures are given in the survey only at aggregated sectoral levels, broader than the categories for which earning figures are provided in our table. So we have to distribute the total costs incurred by owner operators in a broad sector among the owner operators in the sub sectors. We have adopted two methods for distributing the costs. In the first we have assumed per person cost in the aggregated sector to be the same in each sub sector. In the second method we have taken the cost per rupee of gross earning to be the same in all the sub sectors.

Finally we have also calculated the average income of some professional groups whose income are mainly in the nature of receipts from the private household sector. From the NSS 16th round report, on consumer expenditure survey we have calculated the total private household expenditure on some services rendered by professionals for the entire country in the following way:

- Let Y_m = All India total private household expenditure on medical services (only doctor's fees)
- P_r = total rural population
- C_{rm} = per capita expenditure on medical fees in rural areas
- P_u = total urban population
- C_{um} = per capita expenditure on medical fees in urban areas.

$$\text{Then } Y_m = P_r C_{rm} + P_u C_{um}$$

We thus arrive at Y_m , which is the total expenditure on doctors incurred by the private household sector. Dividing it by the total number of doctors we get per capita gross earning of doctors; earnings in the form of receipts from the private household sector alone. Similarly we have calculated per capita earning of lawyers and priests. Obviously these estimates for doctor's and lawyer's average earning would be under estimates since doctors and to some extent lawyers also receive income from the non-household sector also, both as salary as well as fees for services rendered. The respective figures for doctors, lawyers and priests estimated by this method are Rs.195.7, 196.7 and 29.5 per month. It may not be very wrong to conclude that doctors and lawyers probably have very near average earnings whereas the priests earn substantially lower than doctors and lawyers.

Some Salient features of the data given in tables 6As, 6Bs, and 6Cs.

1. Between 1901 and 1961 professionals grew from 1081 thousand to 1282 thousands, giving an average per decade percentage growth rate of 2.89. Between 1961 and 1971, the growth rate rose to 23.63. This suggests that the professionals have grown very fast in the post independence period, probably due to a heavy dose of public expenditure on education, health and scientific research and training.
2. The structure of professionals in India have undergone a significant change during the first half of this century. In 1901 professionals were predominantly ideologues with only 0.56% engaged in the core and 8.88% engaged in the 'other services' sector. But

in 1961 as much as 17% of all professionals were engaged in the core sector and 24.10% were engaged in other services sector. This also indicates a significant growth in the number of modern highly educated professional personnel.

3. Most of the modern professionals are employers, with the exception of modern allopathic doctors, who understandably have a fairly large amount of self employment.

4. Among the traditional professionals data on diploma holding Ayurvedic and Unnani doctors are available from the STP census 1961 and 50% of them are self employed. Since a large section of traditional doctors do not hold any diploma or degree and are located in rural areas, the degree of self employment among them should be much higher than the data reflect. Religious workers, traditional artists like singers, dancers etc. are also likely to be largely self employed.

5. For the modern professionals public sector employment is of more importance than either private sector employment or self employment.

7. Foreign degree holders earn more than comparable Indian degree holders. It is not clear whether genuine skill difference is the basis of this earning differential between two types of similar degree holders.

Table 6 A.1

Size of different professional groups in different years: Numbers (thousands)

Name of the Professional category	Year		
	1901	1961	1971
1. Architects, Engineers and surveyors	7	156 (67.75)	152 (-2.56)
2. Physical and life scientists	n.a.	62	48 (-22.6)
3. Allopathic doctors and dentists	10	70 (38.34)	132 (88.57)
4. Other doctors including indigenous doctors	82	172 (13.15)	193 (12.21)
5. Lawyers	16	67 (26.96)	91 (35.82)
6. University teachers and college teachers	n.a.	62	185 (198.39)
7. Accountants, Auditors, Labour Welfare Officers and Personnel Specialists	n.a.	87	240 (175.86)
8. Social Scientists	n.a.	21	23 (9.52)
9. Authors, Editors and journalists	1	16 (58.75)	20 (25.00)
10. Other artists and related workers	215	177 (-3.19)	158 (10.73)
11. Religious workers	750	392 (-10.25)	343 (-12.50)
Total	1081	1282 (2.89)	1585 (23.63)

Source: Census 1901 and 1961
Facts Book on Manpower (3rd Edn.) 1977, Institute of Applied Manpower Research.

n.a. = not available and most likely to be negligible.

- Note: 1. Figures in brackets are per decade compound growth rate.
2. Reduction in number of architects and engineers growth rate may be due to sampling error rather than actual.

Table 6 A.2

Distribution of professionals by types of activities and traditional or modern character

(No. in thousands)

Type of professionals	Year	No. of professionals in				Total
		Core	Ancillary	Other services	Ideologies	
Traditional	1901	n.a.	n.a.	32	1100	1182
	1961	n.a.	n.a.	172	569	741
	1971	n.a.	n.a.	193	501	694
Modern	1901	7	n.a.	26	1	34
	1961	218	87	137	99	541
	1971	200	240	223	226	691
All types	1901	7 (0.58)	n.a.	108 (8.88)	1101 (90.54)	1216 (100.0)
	1961	218 (17.00)	87 (6.79)	309 (24.10)	668 (52.11)	1282 (100.0)
	1971	200 (12.62)	240 (15.14)	416 (26.25)	729 (45.99)	1585 (100.0)

Source: Calculated from Table 1. n.a. = not available.

Note: Figures in brackets refer to percentage of row totals.

Table 6 B

Distribution of professional categories in private, public and self employment sector

(in percentages)

Sl.No.	Professional categories	Public	Pvt.	Self employed	All section
1.	Engineering graduate and above	68.2	28.0	3.0	100.0
2.	Scientists with post graduate degree and above	66.3	30.7	3.0	100.0
3.	Medical graduate and above in modern discipline	65.0	10.0	25.0	100.0
4.	Diploma in Engineering	74.7	21.0	4.2	100.0
5.	Graduate Scientists	64.2	27.6	8.2	100.0
6.	Diploma in modern medicine	55.5	11.1	33.4	100.0
7.	Diploma in traditional medicine	33.3	16.7	50.0	100.0

Source: Scientific and technical personnel census 1961.

3'

Table 6 C.1Average Income of various professional categories in
different sectors of employment

(Rs. per month)

Ssl. No.	Name of the professional categories	Sector of employment		
		Public	Pvt.	Self employed
1.	Specialist in modern human medicine and surgery	636.1	668.4	624.8
2.	Graduate in modern medicine	472.1	509.6	571.1
3.	Diploma holder in modern medicine	353.3	451.4	352.2
4.	Diploma in Ayurvedic Unani etc.	267.6	290.5	302.2
5.	Graduate Engineer and technologist	525.0	645.5	633.9
6.	Engineering diploma holder	336.3	376.3	416.2
7.	Post Graduate Scientists	461.7	410.5	486.4
8.	Graduate Scientists	301.2	334.6	397.1
9.	Veterenery Graduate	321.2	332.8	326.2

Source: Census of Scientific and technical
personnel.

Year - 1961.

Table 6 C.2Average Monthly Salary of Registered Graduate
Indian & Foreign Trained Engineers in India

Sl. No.	Category of Engineers	Age Group			
		Less than 30		40 - 49	
		Indian Degree	Foreign Degree	Indian Degree	Foreign Degree
1.	Medical Engineers	450	900 (2.0)	1040	1400 (1.4)
2.	Electrical Engineer	425	615 (1.4)	1000	1270 (1.3)
3.	Chemical Engineer	415	755 (1.8)	750	1080 (1.4)

Source: Fact book on manpower; Institute of Applied Manpower Research.

Year : Medical - 1966; Electrical, Chemical - 1967.

Figures in bracket is the differential between Indian and foreign degree holders in respective age group.

$$\text{Differential} = \frac{\text{Income of foreign degree holder}}{\text{Income of Indian degree holder}}$$

Table 6 C.3

Estimated Monthly Income of Owner operator in different service sectors
(Rupees per month)

Sl. No.	Name of service sector	Income of owner operator hiring labourer		Income of owner operator not hiring labourer					
		Rural	Urban	Rural	Urban				
		1st method	2nd method	1st method	2nd method				
1.	Education	90.1	90.6	219.6	274.2	88.5	45.0	53.6	57.6
2.	Medical and Health	116.6	83.5	389.5	361.0	56.4	30.8	104.6	98.5
3.	Legal service	555.5	519.4	389.5	361.0	56.4	114.2	202.9	201.0
4.	Business service	118.1	145.4	701.6	622.6	81.9	40.9	140.1	114.8
5.	Recreation service	30.7	31.4	248.6	235.9	50.9	28.5	86.3	84.7
6.	Religious service	23.1	35.4	a	66.8	41.6	32.5	48.9	49.5

Source: 1. N.S.S. Survey on professional and liberal arts (18th round) Report No.134.

2. Year 1963-64.

Note: For details of these two methods see the text in the appendix.

Table 6 C.4

Average Monthly post tax Income of Tax paying
Persons in different professional services
 (Year 1961-62)

(Rupees per month)

Sl. No.	Name of profession	Average post tax income	Index with education and teaching = 100
1.	Education and teaching	485	100
2.	Medical and Health	506	104
3.	Literature and art	561	116
4.	Legal services	618	127
5.	Music, drama	1032	213
6.	Accountant and Auditor	1412	291
7.	Architecture, Engineering	1449	299
8.	Film Producing	1591	328

Source: Income tax Statistics

Note: Only non-company sector has been considered.

Foot Notes

- 1/ For the definition of 'traditional' professionals and their distribution in the various groups of activities see the appendix.
- 2/ See Irfan Habib: The Agrarian System of Mughal India, for a discussion of such land grants.
- 3/ For a description of this demise of feudal patronage See D.R.Gadgil (op.cit.).
- 4/ In 1961' 73.7% of modern professionals were in urban areas, while only 42.5% of traditional professionals were in urban areas.
- 5/ For a discussion on sociology of medical profession in India See T.N.Madan (et.al): Doctors and Society: Three Asian Case Studies, 1980.
- 6/ See in this respect Paul R.Brass: "The politics of Ayurvedic Education" in S.H.Rudolph & L.I.Rudolph (ed.), Education and Politics in India, Harvard University Press, 1972, p.355-56.
- 7/ An Ayurvedic Journal has thus lamented, "In face of the statement made by the Father of the Nation, our National Government is bent upon making us slaves of modern civilization, resting an apparatus, instruments, injections and inventions" from "Whither are we going"? (editorial) in Journal of Ayurveda, Vol.2, No.2, February 1970.
- 8/ "In the period 1958 through 1964 there were at least fifty five strikes or other demonstrations in the indigenous medical institutions of India, affecting thirty four Ayurvedic and four Unnani institutions... The most persistently repeated demand in these strikes was for equalization of the pay scales of indigenous medical graduates in government service with the pay scales of modern medical graduates" from Paul R.Brass (op.cit.), p.355-56.
- 9/ The promotional practice of modern drug industry offers much incentive to the modern medical practitioners for prescribing specific drugs of specific company irrespective of the actual need and economic capability to buy on the part of the patients.
- 10/ For a discussion of the case cited see Susan George: Nestle Alimentona SA" in Economic and Political weekly, September 16, 1978.

- 11/ As one manifestation of this trend, we can see that in 1967 Rs.56.3 crores were spent on modern medicine system of education and research compared to Rs.9.8 crores only spent in Ayurvedic system of medicine.
- 12/ See the table 6 C.4
- 13/ About this aspect of conflict see Thorstein Veblen: "The Captains of finance and the Engineers" reproduced in part in S.Moscow & W.H.Form: Man Work and Society.
- 14/ See in this respect H.K.Paranjape: "Flight of Technical Personnel from Public Undertaking in India", Planning Commission.
- 15/ See Satish Saberwal: "Sociologists and Inequality in India: The Historical Context", in Economic and Political Weekly, Annual number, February 1979.
- 16/ For example there have been a very long debate among the Indian economist about the feudal/semi-feudal/capitalist nature of the Indian agrarian economy without any consideration of the applicability of the categories involved and infact without any enquiry into the specific history of Indian institutions like caste etc.
- 17/ Quoted from the article by A.Rahmen in W.Morehouse (ed.): Science and Human Conditions in India and Pakistan.
- 18/ Quoted for J.Duncan & M.Berrot: "Lawyers as Leaders" in E.Pandoy (ed.): Leadership in South Asia, p.61.
- 19/ Quoted from L.Baritz: The servants of Power, p.197.
- 20/ See Baran & Sweezy (op.cit.), p.46.
- 21/ For similar argument see ibid., p.47.
- 23/ See Sunil Sen: The House of Tatas, Progressive Publishers, Calcutta, 1975, p.127.
- 24/ See S.Hajra & P.Ramakrishnan: Managerial Manpower in Indian Industry, Economic and Scientific Research Foundations, 1971, p.33, Table 11.
- 25/ See N.K.Sen Gupta: Corporate Management in India, Vikas Publishing House, New Delhi, 1974, p.147.

- 26/ Hirja & Ramakrishnan (op.cit.), p.24.
- 27/ See "Distribution of company employees drawing remuneration of Rs.3,000 or more per month - medium and large public Ltd. companies" - in RBI Bulletin, June 1977, p.415-428.
- 28/ For the history of different management institutions See T.M.Hill & Others: Institutions Building of India.
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- 30/ Quoted from F.Harbison and Charles A.Myers: Management in the Industrial World, p.387.
- 31/ From John H.Dunning: United Kingdom Transnational Enterprises, United Nations, UNCTAD, 1977, p.29.
- 32/ Quoted in International Management Association: Planning Overseas Operations, p.23-24.
- 33/ Marx developed his theory of state in K.Marx's Critique of Hegel's Doctrine of the State, included in Karl Marx: Early writings, Perlican Edition, London, 1975. Also "Contribution to the critique of Hegels Philosophy of Law" in Karl Marx & F.Engels, Collected works, Vol.3, Progress Publishers, Moscow, 1975.
- 34/ From the Revolution of 1848 and Surveys from Exile - quoted in Ralph Miliband: Marxism and Politics, Oxford.University Press, 1977, p.70.
- 35/ *ibid.*, *loc.cit.*
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- 40/ Shah Commission of Enquiry: Third and Final Report, August, 1978, p.229.
- 41/ See S.Maheswhari: "Employment of Retired Government officials in India" in Indian Journal of Public Administration 1966, April-June. Also see Ninth Report of the Estimates Committee, Lok Sabha 1953-54.

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