

Political Economy of West Bengal

A Puzzle and a Hypothesis

The paper is concerned with the phenomenon of unusual political stability in West Bengal coupled with moderate economic development in the state since the inception of Left Front rule. It is argued that this coexistence cannot be fully explained by agricultural growth or land reforms. An explanation is provided in terms of informalisation of the economy along with a strong party organisation of the left.

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I

The purpose of the paper is to understand how or whether individuals respond politically to the economic environment they live in, to understand whether bad performance of the economy is held by the people as a failure of the existing government and to understand whether, in general, people express their economic discontent towards the existing government through their voting behaviour. In short, at one level, the paper is concerned with the broad question: how does economic development, or the lack of it, affect political behaviour of the people who are benefited by or excluded from the fruits of progress? But rather than going into broad arguments to answer this broad question, we shall consider a specific case, the case of the east Indian state of West Bengal, to get a grip on the problem. We choose West Bengal as the focus of our study due to a number of reasons explained below.

The question of a possible relationship between political response and economic well-being is, of course, posed and addressed within the broad institutional framework of democracy. It is well understood that market and democracy are the two basic institutional pillars on which free capitalism is to be firmly planted. It is also widely accepted that there are situations of market failure where free market forces are unable to deliver the optimal outcome. Such situations warrant government intervention. But what happens if there is a government failure as well? It is the institution called democracy which is supposed to emerge as the saviour in such situations. If the government fails to deliver, through democracy and universal suffrage, citizens are supposed to get rid of the inefficient government and bring back efficiency. In other words democracy is supposed to complement market institutions in a free capitalist society. The present paper poses the question: does democracy necessarily play this role?

The recent literature on political economy endogenises government behaviour and public choice by introducing a democratic election process into the analysis. In a typical model [see, for example, Persson and Tabellini 2000 for a detailed account of the current literature] individuals are assumed to have preferences over social outcomes and political parties choose their platforms or policy stances given those preferences. The actions of the political parties may be guided by their selfish motives to be in power as well as by ideology. The available literature mainly focuses on policy outcomes as a consequence of political competition by rival parties to be in power. Some try to look at specific policy outcomes like pensions, unemployment insurance,

regional redistribution as a result of a political equilibrium [e.g., Meltzer and Richard 1981]. Others focus on the politics of special interest groups and lobbying [e.g., Grossman and Helpman 1996]. Yet others generate economic business cycles from politically motivated cycles in government expenditure (see e.g., Nordhaus 1975 for a theoretical exposition and Khemani 2004 for an empirical analysis using Indian data). In most of this literature, parties are treated symmetrically and in many cases it is difficult to distinguish between them. Consequently, the possibility of political change as an equilibrium outcome is never squarely addressed. Changes are possible only by chance as a realisation of a stochastic voting process.

The present paper, in contrast, is primarily concerned with political change or the lack of it. If for some reason political change does not occur even when economic performance of the existing party in power is unsatisfactory, there are reasons to question the efficiency of the democratic process itself. We ask: under what circumstances and for what reasons may one observe lack of political change coexisting with economic stagnation? We believe that the study of the political economy scenario in West Bengal can provide important clues to our query. Indeed, for a student of political economy West Bengal is an enigma. Nowhere in India and in very few places in the world can we observe so much political stability. The Left Front has been ruling the state without a break since 1977. Its vote share over the years has also been remarkably stable. Yet, if we go by the standard measures of economic development, state per capita income, literacy, industrialisation, poverty, life expectancy and so on, it appears that West Bengal is at best a middle ranking state. More important, judged by a few crucial indices, for example industrialisation or the rank of per capita state domestic product among major Indian states, West Bengal's economic performance was clearly on the decline, at least till 2000-01. This seems to be rather puzzling. On the one hand we are observing an unprecedented political stability in the state and on the other we are observing economic stagnation and even decline. Are we to conclude then that overall economic stagnation has no reflection on the political decisions of the people?

One may try to explain the political stability in terms of the agrarian revolution that took place in the state in the 1980s. There was indeed a spectacular growth in the agricultural sector, especially in the production of foodgrains, due to the adoption of high yielding 'boro' cultivation of rice. As we shall argue below, this can indeed explain the political success of the Left Front in the 1980s, but not in the 1990s which witnessed a significant fall

in the growth rate of the agricultural sector. This, along with a steady decline of the industrial sector in the state, makes a growth-based explanation of political stability untenable.

There is another possible way of resolving the puzzle. Perhaps, in spite of a lower per capita income, there has been significant redistribution within the state. It is not difficult to perceive that in such a case political support would continue to be stable. In other words, distribution could very well substitute for growth, up to a certain point. Is that what has happened in West Bengal? The puzzle cannot be resolved by redistribution either because if one goes by the standard measures of inequality, like for example consumption Gini or quintile distribution of rural income. West Bengal's position is hardly special. Thus, inequality measures for the state are not as exceptional as to be able to explain such a long political stability. Moreover, if one looks at disparities between rural and urban consumption within West Bengal, it is actually one of the highest among the major states. The same kind of inequality is apparent when one looks at income disparities between Kolkata and the other parts of the state. There were, of course, rather radical land reforms within the state coupled with decentralisation of power and control in the villages. But redistribution through land reforms, which peaked in the 1980s, clearly slowed down in the 1990s. It is unlikely that a phenomenon, which took place 20 years ago, will continue to have an unchanging impact on political allegiance. So we cannot fully explain political stability in West Bengal by redistribution either.

It is quite common to ascribe the unprecedented success of the Left Front in West Bengal to its strong political organisation. There is indeed a lot of truth in this ascription. But still the question remains as to how does a strong political organisation exactly work to achieve unfettered political victories? Some critics of the Left Front, especially some opposition leaders and a section of the media supporting them, point out that the Left has used its well-oiled party machinery to rig elections. We would, however, like to point out that the practice, as crude and as primitive as rigging elections by force, cannot explain unhindered victories for more than a quarter of a century. A strong political organisation must have worked in a deeper and subtler way to gain political supremacy.

The paper takes a somewhat unorthodox route to explain the role of political organisation in winning elections. It is argued that economic stagnation has actually helped maintain political stability in the state rather than opposing it by making political organisation a deciding factor for political domination. Now, one possible way to characterise economic stagnation in the state is to focus on its ever-increasing informal sector. People dependent on the informal sector for their livelihood do not always live by the formal laws and norms. Some live illegally on government or railway land, others encroach upon city streets to sell their ware. A third group, owning shops or small business, is exposed to the local thugs because it is too costly to get protection from the formal legal system. All these people need political protection, which has to be provided by one party or the other. Of course, in West Bengal it is best provided by the Left who are better organised. Had the majority been securely employed in the formal sector their dependence on the party would disappear. Thus it is the increasing informalisation of the economy on the one hand and a strong political organisation of the Left on the other which have helped to gain support for the rulers and maintain political stability in the state for such a long time.

In what follows, in Section II we give a description of the performance of the agricultural and industrial sectors in West Bengal during its 27 years of Left Front rule. We also look at standard indices of human development for the state and conclude that it would not be unjustified to say the West Bengal economy has remained rather stagnant for the last 15 years or so. In Section III we look at the traditional redistributive measures, like land reforms, undertaken in the state during the Left Front rule. We also look at the state of inequality. We show that while in the 1980s significant redistributive measures were undertaken in the state, in the 1990s they gradually became less and less significant. From Sections II and III we infer that neither material conditions nor redistribution in the usual sense of the term can explain political stability in West Bengal. We represent the political scenario in West Bengal over the past 27 years in Section IV. We find that vote shares of the ruling coalition over different elections have remained strikingly stable and we put forward a possible explanation of political stability in West Bengal. Unless otherwise stated, the data we refer to are taken from the *West Bengal Human Development Report, 2004*.

II Performance of Agriculture and Industry during Left Rule

Agriculture, especially production of foodgrains, coupled with land reforms and decentralisation of rural power have been the most important achievements of the Left Front rule in West Bengal. In this section we shall talk about agricultural production postponing the discussion on land reforms and decentralisation for the next section. Agricultural production, especially that of rice, grew at a spectacular rate in the state during the 1980s. Part of this is attributed to land reforms itself, to an increase in the incentive to produce more due to transfer of ownership ('patta') or a permanent right given to the cultivator to cultivate land ('barga'). But a larger chunk of this success can be explained by the introduction of high yielding boro rice cultivation. Introduction of boro cultivation enabled the farmers to raise more than one crop in a given year. The requisite water for boro cultivation was available from minor irrigation, especially shallow tube well. Primarily due to the boro revolution, West Bengal emerged as the largest rice producing state in India contributing more than 15 per cent of national production. During the 1980s boro cultivation grew at an average annual rate of 12 per cent and overall foodgrains at a rate of 5.5 per cent.

There was a fundamental difference between the revolution in rice cultivation in West Bengal and the green revolution in Punjab. While in the latter case the initiative of adopting the new technology was taken by the large farmers and medium and small farmers followed them with a lag, in the former case it was small farmers who were involved right from the very beginning. Consequently, boro remained an extremely labour-intensive form of rice cultivation carried on by small cultivators in small plots of land using mainly family labour. In fact, boro cultivation went well with the extremely fragmented land in West Bengal. Part of this fragmentation could be due to land redistribution. But it is also due to normal fragmentation of the family and the unusual pressure on land in West Bengal due to partition.

Unfortunately, agricultural growth significantly slowed down in the 1990s. This was due to a number of reasons. Firstly, frontiers were reached in bringing new land under boro

cultivation. Since boro is an extremely water-intensive crop, expansion of boro cultivation had to stop, being constrained by the unavailability of water. Secondly, productivity increase, which had the real potential for sustaining longer run agricultural growth, could not be achieved either. Thirdly, due to faulty marketing strategies West Bengal failed to export its rice to other states and abroad. This, coupled with a lack of demand within the state, led to a crash of foodgrains prices. This was accompanied by a rise in input prices. The two, taken together, made cultivation less profitable. As a result cultivators who accounted for 38 per cent of the rural workforce in 1991 fell to 25.4 per cent in 2001. At the same time, growth of boro cultivation slowed down to 5 per cent and overall agricultural growth to a little above 2 per cent in the 1990s.

According to official sources [*West Bengal Human Development Report, 2004*] industry exhibited an exactly opposite trend compared to agriculture. The 1980s were clearly a period of industrial decline. As Table 1 indicates the share of West Bengal in all India real value added for organised industries was 11.53 per cent in 1980-81. It went down to 5.79 per cent in 1989-90. Industrial growth rate for the state during the 1980s was also low. For the period 1981-82 to 1986-87 growth rate of manufacturing was below 2 per cent and it went up to a little above 3 per cent during 1987-88 to 1993-94. Public enterprises in the state started to decline in the mid 1980s and there was a general stagnation in the traditional industrial areas of the state. The decline of the formal sector in West Bengal becomes most pronounced if one looks at the growth rates of employment in organised industries. It is clear from Table 2 that West Bengal, along with Bihar and Uttar Pradesh, are the only states exhibiting negative employment growth for the period 1980-81 and 1997-98 among the major Indian states.

Officially it is claimed that this trend of low industrial growth has been reversed during the 1990s. Growth rate of the formal industrial sector continued to remain low, but it is claimed that this has been more than compensated by spectacular growth of the unorganised manufacturing sector. The share of unregistered manufacturing in the manufacturing state domestic product (SDP) of the state almost doubled from an average of 30 per cent in the early 1980s to nearly 60 per cent in the closing years of the 1990s. There was also a substantial increase in the number of informal sector manufacturing units, especially in the rural areas. So much so that both manufacturing and industrial growth in the second half of the 1990s crossed the 6 per cent level and this rise in industrial growth pulled up the overall growth rate for the state to 6.75 per cent in the 1990s as opposed to 4.24 per cent in the 1980s. If these figures are to be believed, West Bengal experienced the second highest growth rate among the major Indian states in the 1990s, only next to Karnataka.

There are, however, several reasons to doubt the high industrial growth figures. Firstly, in spite of this high rate of growth the rank of West Bengal in terms of per capita net state domestic product (NSDP) has been continuously declining. From a rank of 6th in 1980-81 and 7th in 1990-91 it has declined to 9th in 2000-01. It seems that West Bengal is running faster than almost all other states, yet continuously lagging behind. Theoretically this may happen for a short while, but not for a whole decade.

Secondly, the high growth rate is not reflected in other indicators of human development. West Bengal is below the national average with respect to per capita consumption, housing, electrification, per capita consumption of electricity and poverty.

Table 1: Occupational Diversity in Rural West Bengal

	1991	2001
Cultivator	38.4	25.4
Agri workers	32.3	33
Non-agri workers	29.3	41.6

Source: Census of India.

Table 2: Share of West Bengal in All India Value Added for Organised Industries

Year	Percentage Share
1980-81	11.53
1981-82	10.17
1982-83	9.86
1983-84	8.34
1984-85	8.42
1985-86	8.94
1986-87	9.27
1987-88	6.97
1988-89	7.12
1989-90	5.79
1990-91	5.96
1991-92	8.07
1992-93	7.03
1993-94	7.16
1994-95	5.92
1995-96	5.28
1996-97	6.43

Source: Calculated from Annual Survey of Industries.

Table 3: Annual Percentage Rate of Growth of Workers in Organised Industries from 1980-81 to 1997-98 by States

States	Arithmetic Mean		Geometric Mean	
	1980-81 to 1989-90	1990-91 to 1997-98	1980-81 to 1997-98	1980-81 to 1997-98
Andhra	2.7	5.7	4.1	3.6
Assam	0.2	3.3	1.6	1.2
Bihar	0.1	-3.7	-1.7	-1.9
Gujarat	-0.05	2.3	1.1	0.8
Haryana	3.9	2.7	3.3	3.2
Karnataka	0.3	5.6	2.8	2.7
Kerala	-0.6	4.6	1.9	1.4
Madhya Pradesh	2.9	1.8	2.4	2
Maharashtra	-1.1	2.1	0.4	0.3
Orissa	1.9	1.6	1.8	1.6
Punjab	7.1	1.1	4.3	4
Rajasthan	3.5	1.2	2.4	2.2
Tamil Nadu	1.8	3.9	2.8	2.8
Uttar Pradesh	0.5	-0.8	-0.1	-0.2
West Bengal	-2.9	1.9	-0.6	-0.8
All India	0.5	2.4	1.4	1.4

Source: Calculated from Annual Survey of Industries.

Table 4: Level of Living in West Bengal and India

Indicators	Year	WB	India
Per Capita consumption (Rs)	1999-2000	572	591
Poverty (per cent)	1999-2000	27	26
Percentage of poor in rural areas	1999-2000	84	74
Percentage of rural household having pucca houses	1993-1994	16	29
Percentage of urban household having pucca houses	1991	68	71
Percentage of household with electricity	1991	33	42
Per capita electricity consumption	1996-1997	194	334
Percentage of households with safe drinking water access	1991	82	62
Literacy (per cent)	2001	69	65
Infant mortality (per thousand)	2003	48.7	67.6
Life expectancy at birth (years)	1996-97	62.4	60.7

Source: National Human Development Report, 2001.

With respect to literacy, infant mortality, life expectancy at birth and availability of drinking water it is above the national average. So everything taken together, West Bengal is a middle ranking state and has remained so for a long time. This is not consistent with high industrial growth.

Thirdly, growth rate of employment in the state has been abysmally low. According to the 1999-2000 NSS data, West Bengal is among the states with high unemployment in India (Table 5). This is hard to reconcile with the reported high industrial growth. If industrial growth had taken place in the formal sector, which in general, uses capital-intensive techniques of production, one could have explained the phenomenon of jobless growth. But industrial growth is supposed to have taken place in the unorganised, unregistered sector, which typically uses labour-intensive techniques. Growth in this sector should have created employment as well and the absence of that makes high industrial growth itself suspect.

Fourthly, data regarding the informal sector, especially with regard to that of unregistered manufacturing sector is rather unreliable. In particular, it is easier to trace the birth of new units but often difficult to keep track of the ones which go out of business. Indeed, the unregistered manufacturing sector is characterised by high birth rates as well as high death rates. One wonders if while calculating the growth rate of these units, their high death rates were carefully taken into account or not.

From the above arguments we conclude that industrial growth in the 1990s was not as spectacular as claimed. Again as we have seen above, agricultural growth also slowed down in the 1990s. It seems therefore that political stability in West Bengal cannot be explained by aggregate material conditions in the state. Can it be explained by redistribution?

III Redistribution

Redistribution has indeed been the major policy stance of the Left Front during its 27 year rule. How far has this policy been implemented, that is, how far real distribution has taken place in the state, is a matter of further enquiry. Of course, redistribution was kicked off in a big way in the state through land reforms. Much has been written on land reforms in the state so here, we shall recall only certain basic facts about land redistribution. Land reform in West Bengal assumed two forms, barga and patta. The former gave the sharecropper protection against possible eviction from the land he has been cultivating for generations and assured him a fixed share of output. The latter involved redistribution of ownership of excess land acquired from rich landlords through implementation of land ceilings. Up to the year 2000, 1.6 million 'bargadars' have been officially recorded and this accounts for 86 per cent of sharecroppers existing in the state. In fact, about a third of total cultivators in the state have been recorded as bargadars. In a similar vein 1.39 million acres of land has so far been acquired by the government for redistribution and out of this 1.04 million has been actually redistributed. In fact, West Bengal accounts for 20 per cent of total land redistribution in the country even though it accounts for only 3.5 per cent of total Indian land. Land has been redistributed among 2.745 million 'pattadars' and the state accounts for 47 per cent of all India beneficiaries. Indeed, taken together, barga and patta have covered 41.3 per cent of the rural population of West Bengal.

These are no mean achievements. But with this, one must also mention the process of decentralisation of power that took place in West Bengal during the Left Front rule. Power and decision-making were decentralised through the three-tier panchayati raj and representation of the poor in gram panchayats, panchayat samitis and zilla parishads went up. Comparing 1978-83 gram panchayats with 1988-93 gram panchayats, it is found that representation of bargadars increased from 1.8 per cent to 11.3 per cent, that of landless labour from 4.8 per cent to 16.8 per cent and the representation of cultivators with landholding below 3 acres along with the landless increased from 21.8 per cent to 30.17 per cent. This gave the rural poor not only a share in the decision-making process, but, more importantly, a kind of dignity and social prestige unheard of in the previous political regime.

The increase in the entitlement of the poor, as one may expect, had certainly had an impact on political stability in the 1980s. But how far did this impact continue in the 1990s? For one thing, as expected, the process of land reforms slowed down in the 1990s. Almost 9,00,000 bargadars were recorded between 1978 and 1988. Between 1988 and 1997 this number came down to less than 90,000. Similar trends can be observed for land redistribution to pattadars; between 1993 and 1999 around 95,000 acres

Table 5: Number of Unemployed per 1000 Persons according to Usual Principal Status for Indian States during 1999-2000

State	Rural	Urban
Andhra Pradesh	5	15
Assam	19	40
Bihar	6	22
Gujarat	3	7
Haryana	3	9
Karnataka	4	13
Kerala	41	48
Madhya Pradesh	2	12
Maharashtra	9	23
Orissa	10	23
Punjab	8	11
Rajasthan	2	9
Tamil Nadu	11	17
Uttar Pradesh	4	14
West Bengal	12	30
All India	7	18

Source: NSSO.

Table 6: Gini Ratio for Per Capita Consumption Expenditure of Indian States

State	1983		1993-94		1999-2000	
	Rural	Urban	Rural	Urban	Rural	Urban
Andhra Pradesh	0.294	0.327	0.257	0.321	0.238	0.310
Assam	0.192	0.276	0.176	0.285	0.201	0.311
Bihar	0.256	0.301	0.221	0.309	0.208	0.318
Gujarat	0.256	0.172	0.236	0.285	0.233	0.288
Haryana	0.272	0.313	0.300	0.280	0.240	0.285
Himachal Pradesh	0.264	0.312	0.275	0.435	0.236	0.298
Karnataka	0.303	0.334	0.269	0.315	0.241	0.321
Kerala	0.330	0.374	0.290	0.340	0.270	0.320
MP	0.295	0.306	0.278	0.326	0.241	0.312
Maharashtra	0.285	0.337	0.301	0.350	0.258	0.345
Orissa	0.267	0.296	0.243	0.304	0.242	0.292
Punjab	0.279	0.319	0.264	0.276	0.238	0.290
Rajasthan	0.343	0.304	0.260	0.290	0.209	0.281
Tamil Nadu	0.325	0.348	0.308	0.344	0.279	0.398
Uttar Pradesh	0.290	0.319	0.278	0.324	0.245	0.327
West Bengal	0.286	0.327	0.250	0.335	0.224	0.328
India	0.298	0.330	0.282	0.340	0.258	0.341

Source: National Human Development Report.

of land were acquired and 94,000 distributed. This accounts for only about 6 per cent of total land distributed. But what is more disturbing is that the proportion of landless rural households has been increasing in West Bengal throughout the 1990s. While this proportion was 39.6 per cent in 1987-88, in 1999-2000 it went up to 41.6 per cent. Those who had received land or cultivation rights through land reforms were finding it difficult to cultivate because of rising input prices and falling output prices. Indeed, 13.23 per cent of pattadars and 14.37 per cent of bargadars had lost their land or given up their cultivation rights by the beginning of the new century. In fact, land loss by small cultivators was observed to be the highest in regions where large-scale operation was the most profitable. In short, the 1990s witnessed a reversal of the process of land reforms.

Standard indicators do not point to any significant equality in West Bengal compared to other states. Gini ratio for per capita consumption expenditure in West Bengal is better than the national level both for rural and urban consumers, but not significantly so. In fact states like Bihar, Assam and Rajasthan have lower rural inequality than West Bengal along with 11 other states and union territories out of a total of 32.

Again, in 1999-2000, village dwellers in West Bengal consumed 52 per cent of their urban counterpart. While for the country as a whole, village consumption per capita is 56 per cent of per capita urban consumption, for agriculturally advanced states like Punjab and Haryana the figure is around 80 per cent. This reveals that compared to many states West Bengal exhibits more rural-urban inequality. This inequality has been increasing through out the Left Front rule.

More striking is the concentration of economic activity and income in and around the city of Kolkata. In 1980-81 per capita income of West Bengal was 51 per cent of that of Kolkata, in 2000-01 it has gone down to 48.3 per cent. Finally, if one looks at the quintile distribution of rural per capita income in West Bengal, in 1993-94 even the lowest quintile income was lower than the all India level. Thus it is simply not true that the poorest in West Bengal are doing any better than those in the rest of the country. From all this one may conclude that political stability in West Bengal cannot be explained by redistribution alone, at least not since the 1990s.

IV

Political Scenario: The Puzzle and a Possible Resolution

The political scenario in West Bengal has been amazingly stable since 1977, that is, the beginning of the Left Front rule. The ruling coalition consists of the Communist Party of India (Marxist), i.e., the CPI(M), the Communist Party of India (CPI), the Revolutionary Socialist Party (RSP), the Forward Block (FB) and a few other very small members. In the tables we have given the vote shares or seat shares of the major members of the Left Front ignoring the share of the smaller members, which in any case is negligible. Till the late 1990s, the main opposition party was the Indian National Congress (INC) after which the local Congress split and a break away group, called All India Trinamul Congress (AITC) emerged as the main opposition. The Bharatiya Janata Party (BJP) has so far remained inconsequential in the politics of the state.

The CPI (M) has dominated the ruling coalition but vote shares of the smaller partners have also remained surprisingly

steady. If one looks at the vote shares of the assembly elections (Table 9) and seat shares of the three-tier panchayat elections (Tables 11,12,13) it becomes clear that Left Front vote share kept on increasing from 1977-78 and reached a peak in the late 1980s. This can be easily attributed to agricultural growth, the success of land reforms and decentralisation of rural power. From the late 1980s deceleration of agricultural growth, reversal of the process of land reforms and significant fall in agricultural prices making cultivation less and less profitable, started showing up in the election results. But even though vote shares and seat shares of the ruling coalition fell from their peak level, they never fell below their initial, that is, 1977-78 level. Roughly similar trends can be seen in the Lok Sabha election results (Table 10).

There is, therefore, no puzzle in the increasing Left Front vote shares till the late 1980s. As we have already pointed out, this increase can be explained by land reforms and agricultural growth. The real challenge is to explain how the ruling coalition is maintaining its vote shares in one election after another in spite of a gradual slowing down of the economy.

We shall argue that the political success of the ruling coalition in West Bengal is based on two things: an increasing informalisation of the economy and an outstanding political organisation of the ruling Left Front. Let us first consider the phenomenon of increasing informalisation. We have already mentioned that there has been a phenomenal increase in the share of unregistered manufacture in the state. The share has increased from 30 per cent in the 1980s to 60 per cent in the 1990s. There was also a substantial rise in the number of informal sector units and a corresponding rise in informal sector employment. This is reflected in the fact that while there was a very insignificant growth (a little above 1 per cent per annum) in the number of main

Table 7: Urban-Rural Per Capita Consumption Ratio in Indian States

State	1983	1993-94	1999-2000
Andhra Pradesh	1.40	1.40	1.70
Assam	1.40	1.70	1.90
Bihar	1.50	1.60	1.50
Gujarat	1.30	1.50	1.60
Haryana	1.20	1.20	1.20
Himachal Pradesh	1.70	1.90	1.80
Karnataka	1.40	1.50	1.80
Kerala	1.20	1.20	1.20
Madhya Pradesh	1.40	1.60	1.70
Maharashtra	1.70	1.90	1.90
Orissa	1.50	1.80	1.60
Punjab	1.10	1.10	1.20
Rajasthan	1.20	1.30	1.40
Tamil Nadu	1.40	1.50	1.90
Uttar Pradesh	1.30	1.40	1.40
West Bengal	1.60	1.70	1.90
India	1.47	1.62	1.75

Source: National Human Development Report.

Table 8: Quintile Per Capita Income Distribution in Rural WB and India (1993-94)

Quintile	WB	India
Lowest	1124	1146
Q2	1858	2113
Q3	2471	3141
Q4	3534	4712
Highest	6788	11226
Total	3158	4468

NCAER survey quoted in Lanjouw and Sheriff (2004).

workers, that is, in the number of those who have productive work for more than 183 days in a year, the growth in the number of marginal workers, that is those having work for less than 183 days in a year, was spectacular in the 1990s (more than 15 per cent per year). *The Human Development Report* is full of examples of such marginal occupations. Small manufacturers, traders, street hawkers, shopkeepers and their employees, autorickshaw drivers, taxi drivers – they are all engaged in marginal occupations. With the steady decline of formal sector employment in the state, the only way to survive is to depend on one of these informal jobs. There are two common features of the informal sector employees. First and foremost, all of them are extremely vulnerable. They lack the security of formal sector jobs. Second, they do not always live by formal laws and norms. Some of them might be living on illegally encroached government or railway land. Others might illegally occupy pavements of city streets to sell their ware. They become more vulnerable because they do not have any well-defined property rights within the formal legal framework.

There is another important group, the members of which live and earn their livelihood within the formal legal framework. But each person in the group is too small to protect himself from the local goons, musclemen and extortionists. This is simply because the formal legal system is too costly to resort to. The group includes a whole bunch of people ranging from petty shopkeepers to medium sized entrepreneurs and traders who do not have permanent legal or protective machinery to shield themselves.

These people depend, in a fundamental way, on political parties for their livelihood. It is their vulnerability which compels them to do so. A political party gives them protection and in return gets their support at the time of elections. Chatterjee (2004) has called it a “political society” as opposed to a civil society. In West Bengal the two types of societies coexist side by side, but with the steady decline of the formal sector the relative importance of the former is rising rapidly. We may put it in a different way: if formal sector jobs were available in the state in plenty

and if the formal legal system were less costly in terms of time and money so that the common citizen could seek its protection, the people would have enjoyed a more secure life and hence the dependence on politics would have been minimal. It is the increasing informalisation of the economy and the break down of the formal legal system, which forms the basis of a political society.

Indeed an individual living in a political society has one important commodity to sell, apart from his labour, namely, his right to vote. It is this right to vote which makes him attractive to the party. He remains attached to the party as long as he remains vulnerable. Therefore the party has no incentive to improve his economic state. In other words, economic stagnation may actually serve the interest of political parties by making more people dependent on them. The fact that poor people live a more political life than their affluent counterparts is borne out by the fact that in our country the poor exercise their voting rights in larger proportions than the rich [see Yadav 2000].

The argument developed above certainly applies to urban and semi-urban areas. Does it apply to the rural sector? Indeed, if it has to explain electoral behaviour and political stability in the state, it must be applicable to village societies as well where the majority of the population still resides. Two points are to be noted with respect to village societies in the state. First, as indicated by Table 1 above, cultivation in the state is becoming increasingly less profitable over time and a sizeable number of people are switching from cultivation to work as non-agricultural labour. With non-farm income becoming more and more important in the rural sector, the phenomenon of informalisation and dependence on political parties, as explained above, are also becoming important. Secondly, within the farm sector, the proportion of small and marginal farmers is very large in West Bengal. These small cultivators value public subsidies more than their affluent counterparts. The need for seeds, fertilisers, irrigation, rural roads and the like, which are occasionally provided by the panchayats, is higher among these people. It is indeed more likely to get a share of the subsidy if one is close to the party controlling the panchayat. Thus higher the proportion of small and marginal farmers in a state, the higher would be the dependence on political parties and the greater would be the emergence of political societies.

A particularly illuminating aspect of political societies is the rather peculiar phenomenon of ‘bandhs’ or general strikes paralysing a whole region or state. The issues over which bandhs are called are the least important. The real purpose is to signal muscle power of the party who is calling the bandh. Why do political parties wish to signal muscle power? In fact there is a competition among the parties to win the control of various political societies. A political society will choose that party which

Table 9: Vote Shares of Major Political Parties in Assembly Elections in West Bengal
(Percentage)

Party	1977	1982	1987	1991	1996	2001
CPI(M)	35.46	38.49	39.31	36.87	37.92	36.59
RSP	3.73	4.01	3.94	3.47	3.72	3.43
FB	5.24	5.90	5.84	5.51	5.20	5.65
CPI	2.62	1.81	1.92	1.54	1.75	1.79
INC	23.02	35.73	41.83	35.12	39.49	7.98
AITC						30.66
BJP		0.58	0.51	11.34	6.45	5.19

Source: Election Commission of India.

Table 10: Vote Shares of Major Political Parties in Lok Sabha Elections in West Bengal
(Per cent)

Party	1977	1980	1984	1989	1991	1996	1998	1999	2004
CPI(M)	26.2	39.9	35.9	38.4	35.2	36.7	35.41	35.57	38.56
RSP	3.9	5.2	4.6	4.7	4.5	4.76	4.48	4.25	4.49
FB	4.3	4.6	4.1	4	3.7	3.42	3.3	3.45	3.66
CPI	6.5	4.3	3.8	3.9	3.7	3.81	3.64	3.47	4.01
INC	29.4	36.5	48.2	41.4	36.2	40.09	15.2	13.29	14.56
AITC							24.43	26.04	21.04
BJP			0.4	1.71	11.65	6.88	10.19	11.13	8.06

Source: Election Commission of India.

is the strongest, which can shoulder its cause. Therefore political parties call bandhs to demonstrate to the political societies that they are powerful and capable.

Still we have not been able to fully explain political stability in West Bengal. Informalisation and the costly legal system in West Bengal have made more people vulnerable and dependent on politics, but this does not explain why most people would depend upon a single party. One would expect to have political competition where rival parties would be expected to compete to win the confidence of political societies by demonstrating their power. This is what has happened in the rest of India where we have seen regular political change. Again, the phenomena of informalisation and costly legal system are not confined to West Bengal alone. They are observed all over the country. What makes West Bengal special is that in this state the political

Table 11: Seat Shares of Major Political Parties in Zilla Parishad Elections in West Bengal
(Per cent)

Party	1978	1983	1988	1993	1998	2003
CPI(M)	76.75	68.64	80.7	80.76	78.21	77.14
RSP	4.78	2.58	3.8	2.14	3.63	2.81
FB	6.85	3.79	3.5	2.6	3.35	3.93
CPI	0.8	0.15	1.06	0.92	2.38	2.38
INC	10.35	22.88	9.27	10.99	4.47	9.4
AITC					5.31	2.24
BJP					0.14	0.28

Source: CPI(M) West Bengal State Committee.

Table 12: Seat Shares of Major Political Parties in Gram Panchayat Elections in West Bengal

Party	1978	1983	1988	1993	1998	2003
CPI(M)	61.03	54.06	64.62	57.94	49.72	58.37
RSP	3.64	2.76	2.99	2.49	2.68	2.53
FB	3.17	2.42	2.68	2.05	1.95	2.5
CPI	1.79	1.57	1.71	1.32	1.34	1.66
INC	29.4	32.75	23.43	26.73	12.12	13.68
AITC					19.87	13.1
BJP		0.08	0.07	3.89	7.78	3.28

Source: CPI(M) West Bengal State Committee.

Table 13: Seat Shares of Major Political Parties in Panchayat Samity Elections in West Bengal
(Per cent)

Party	1978	1983	1988	1993	1998	2003
CPI(M)	67.15	59.8	71.97	67.11	60.6	67.18
RSP	4.22	2.95	3.03	2.53	3.02	2.59
FB	3.87	2.29	2.44	1.79	1.88	2.27
CPI	1.58	1.12	1.25	1.01	1.3	1.62
INC	22.76	30.07	18.81	22.81	9.76	12.33
AITC					16.9	9.52
BJP		0.02	0.03	1.28	3.85	1.87

Source: CPI(M) West Bengal State Committee.

Table 14: Vote Shares of Major Political Parties in Assembly Election in Kolkata
(Per cent)

Party	1982	1987	1991	1996	2001
Left Front	49.8	46.56	42.59	43.34	43.67
INC/AITC	45.23	49.56	44.59	48.72	48.92
BJP	1.69	0.95	11.56	6.33	3.96

Source: CPI(M) West Bengal State Committee.

competition has been completely won by the Left Front. This is where the second phenomenon, namely, political organisation, has become important. The Left Front, especially the CPM has an unmatched organisation in the state. With its strong organisation, the party has emerged as an alternative to the formal economic and legal system. Its all-encompassing reach it can give protection to the vulnerable and settle small disputes, for example between neighbours or between landlords and tenants, all in exchange of political allegiance. Along with informalisation it is precisely this quality which has helped the left coalition to remain in power for such a long time. It is to be noted that organisation alone would not have delivered such political stability. If the economy had become substantially formalised and if the legal system were less costly, most people would have voted independently where ideology and other considerations would have become more important. Organisation would play a lesser role in such a case.

An important case in point is Kolkata. We have already pointed out that Kolkata is roughly twice as affluent as the rest of West Bengal in per capita terms. Clearly, a larger section of the population of Kolkata is not dependent on informal occupations. This is because of the fact that the majority of the formal sector jobs in the state are located in Kolkata. This, in turn, allows a significant part of the voters not to depend on any political party for their survival. The result is clearly seen in Table 14. While for the entire West Bengal, Left Front vote shares have been consistently higher than the vote shares of INC in the earlier periods or AITC, the break away party from the Congress, in the recent past, in Kolkata the vote shares exhibit an exactly opposite picture. Thus informalisation is necessary for political stability.

On the other hand, informalisation alone would not have been able to do the trick as the experience of the rest of India demonstrates. It demonstrates that a strong political organisation is indeed necessary to reap the fruits of informalisation. In other words, both informalisation and strong organisation are together necessary to bring about political stability.

Two questions would come up at this stage. First, since informalisation is helping the ruling coalition to remain in power, is the CPI(M)-led Left Front consciously hindering growth of the formal sector in the state? While there is no conclusive evidence as to whether the government has consciously pursued a policy of hindering the growth of the formal sector, it is also true that it had certainly the incentive to do so. It may, however, be noted that the political society in West Bengal has not been confined to people surviving on the margin alone. The party organisation has been extended to cover a whole variety of people including school, college and university teachers and government employees. This had created serious inefficiencies.

The other question is about the desirability of a strong party organisation. One may think that since there may be situations where the ruling party may have incentives to hinder the growth of the formal market economy to remain in power and if this incentive is higher, the stronger is the political organisation, efficient political networks may not be desirable after all. Indeed this would be an erroneous conclusion to draw. An efficient party organisation may certainly increase welfare of the people if there is no other distortion in the system and in particular the formal sector and the legal systems are well developed. But in the absence of that, an efficient political organisation might backfire. As we know from the theory of second best, if there are more than one

distortions in the economy, removal of just one may actually reduce welfare. **EPW**

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