

## **Postcolonial Capital and its relationship with the Public Sector**

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### **Introduction**

A historical examination of India's embrace of mass enfranchisement and a planned economy in 1947, reveals a space within politics to have been carved, wherein debates over which direction the Indian economy should take inarguably became one of the most contested terrains of the nation's public life. The legacy of developmental planning, in carving out economic policy with strong reformist and social policy-oriented imperatives, has been critical in embedding the economy in political life of the nation. While the orientation of economic policy and social reform have been anything but ideologically consistent over the decades since, this entwinement of the postcolonial state and its economy has remained as a consistent feature political life. Integral to the contested terrain of economic life of the nation has been the role of the public sector. Specifically, the Public Sector Undertakings (PSU) or Public Sector Enterprises, which make up the non-departmental sections of the public sector and are engaged in activities of production in various strategic, core and non-core sectors of the economy. From the historical role of the of public sector as the anchor of the Nehruvian political economy and developmental planning, to its contemporary evolution into its corporatized avatar in the post liberalization era, the public sector enterprise as an entity has seen dramatic transitions in between. This trajectory is punctuated by the neoliberal reforms of the 1990s, that transformed the Indian state, through measures towards disinvestment and privatization. In parallel, the career of PSUs has also been marked by different kinds of political rent seeking at the state and central government levels, regularly being drawn in to address political crises or stalemate. On the other end, as material and spatial assemblages of economic activities and infrastructures, public sector enterprises have also emerged as sites of various kinds of claims making and shaping various notions and bodies of 'public'. The neoliberal era has thrown into sharp relief the ways in which the realm of national economic policy making that structures the economy is at once far removed from and entangled with the everyday politics that public sector firms engender.

During the high noon of reforms in the 1990s, at the heart of the debate were PSUs, caricatured as bloated and inefficient, and diagnosed as 'sick'; for advocates of reform they became placeholders for everything within the Indian economy thus far that needed to be reformed or discarded (Corbridge & Harriss 2013; Khanna 2015). This was the immediate backdrop for the emergence of drives for privatization of the public sector, amidst a larger scheme of the 'opening up' of the economy. Thirty years since the reforms, at the peak of which were resounding calls for the sale of PSUs, a large number of them are still around, in new corporatized and profit-making avatars, whilst many others have had to be closed down or are still languishing, neglected for years, with largescale contractualization and downsizing of the workforce. The long trajectory of disempowering what were once christened as 'temples of modern India' through privatization and many forms of political rent seeking has been one of fits and starts. But in the process, they have been radically reinvented in the contemporary times, to become publicly owned global corporate firms, that contribute

significantly to the country's economic growth and provide key inputs for capital accumulation for the state (Yi-chong 2012; Chatterjee 2017). What explains this trajectory marked with contradictions?

Examining the historical career of public sector enterprise, not just through its changing position within the transitions of the national economy, but also as a historical entity which is spatially located in particular contexts and discursively constructed from key rationales, can be instructive. Such a perspective would require, viewing the public sector enterprises outside of and as complimentary to studies of the political economy and economic policies, where it is usually found. The public sector as the force of large-scale employment, regional and spatial development encoded in its founding principles, despite its failings, has had an irrevocable impact on shaping several aspects of politics, social and material lives of people. This is manifest in its role in shaping the 'urban', the auxiliary infrastructural and economic networks that it has embedded. As a space wherein large part of the organized workforce was located in, the public sector which was once the singular source for an aspirational middle-class identity and a burgeoning labour aristocracy (leading the trade union movements across the country), has been a critical site for shaping dynamics of labour politics in India. This is also most manifest in the different regional, linguistic, and caste based socio-political movements that have marked public sector enterprises in the last few decades across the country, as multiple instances of claims-making onto and through these entities. Thus, to re-examine the changes affected on to public sector enterprises since the neoliberal reforms, with the recognition of their historically embedded role in politics of different spatial and regional contexts, within material and social infrastructures, can provide a deeper understanding of how pathways of transformation has been shaped and variously received.

### **The Public Sector at the Eve of Liberalisation**

Essential to unpacking this era is the need to disentangle rhetoric from actual economic reality and policy implementation. In retrospect, commentators and scholars alike have agreed that much of the post neoliberal era has been characterized by high rhetoric about reforms (Corbridge & Harriss 2013; Chandra & Chatterjee 2019) that precedes the real implementation of policies, that often dwarfed the former. Calls for privatization have met with strong pushback from several quarters, has not enjoyed universal legitimacy in different phases, and had political costs for ruling regimes for those that have been at the frontier of it, such as the first NDA government<sup>1</sup>. In reality, much of the thrust towards a minimal state that was advocated by international lending institutions such as the World Bank and IMF, materialised into a rescaled and reinforced presence of the state, especially as the prime facilitator for capital accumulation. The role of the state in economic development, has shifted from being 'state led' to 'state facilitated'(Khanna 2015; Chatterjee 2017). This is not to say that neoliberal policies and reform of the state did not lead to far reaching alterations in

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<sup>1</sup> NDA I or National Democratic Alliance, was formed in 1998, headed by the Bhartiya Janata Party (BJP). NDA I with Prime Minister of Atal Bihari Vajpayee came to power for a full term in 1999 till 2004. It was the first non-Congress government to serve its full term since Independence. NDA and the BJP, came to power on the plank of a Hindu nationalist movement and its association with the colonial era cultural organization RSS (Rashtriya Swayamsevak Sangh). But it was also associated with pro-market economic policy and an advocacy of market reforms, that were initiated under the previous Congress government. NDA II under the helm of Narendra Modi, in many ways draws from the ideological legacy of the NDA I regime specifically its efforts towards privatization and disinvestment drives, while it also exhibits clear shifts. The NDA I government carried out the greatest number of privatization drives, and many say that this played a role in their later political defeats.

its role as a provider of social goods, welfare and formal employment. Such a dialectical process of transformation has underwritten the trajectory of PSUs most clearly, in their changing place within the political economy of the neoliberal state as well as the mainstream public discourse which continues to deliberate over its fate. Scholars such as Elizabeth Chatterjee among others, have tried to study these continuities and changes through the framework of state capitalism, in order to underline the role of an entrepreneurial state<sup>2</sup> and state institutions such as public sector banks, as being key to maintaining a functional and profitable dynamic between the public and private sector as well as foreign capital and financial investment.

At the eve of neoliberal reforms, the Indian economy by all accounts was in a crisis mode, with widening fiscal deficits and mounting debt (Corbridge & Harris 2013; Khanna 2015; Nagraj 2015). Much of the blame for this was attributed to the inefficiency and corruption of the dirigiste economy of the Nehruvian developmental state. Large part of the import substitution (ISI) model and the protectionist economy, was embodied by the PSUs, that produced for a range of strategic and non-strategic sectors such as defence, coal, power, energy, capital goods as well as pharmaceutical and consumer goods. PSUs were positioned at the frontier of indigenous production and economic autonomy. Leading up to the reforms, these enterprises were caricatured for their unwieldy size and as extended versions of a bloated bureaucracy. Seen as anachronistic institutions, they were framed to have controlled the reigns of the economy thus far, with reform advocates, making a case for a larger role for the supposedly marginalised and minimal private sector. Not only did critiques point to the low return on investment of public finances and capital to make a case for state withdrawal from these enterprises, and a narrative was created around PSUs as “the pariahs of the country, controlled by vested interests, inefficient and badly managed, with low returns on capital employed, ready to be privatised as the country embraced the mantras of “efficiency” and “liberalisation” and shifted emphasis to the market” (Khanna 2015).

With an avalanche of public opinion mobilized against the public sector enterprises, led by neoliberal economists and with pressure of conditional international aid which pushed for privatization, the New Industrial Policy was introduced in 1991, bringing to an end the import substitution industrialisation era. Most sectors of the economy and specifically manufacturing was opened up to private and foreign capital. A larger role for the private sector was laid, reducing tariff, making available several greenfield sites, resources and sectors of the economy for investment. The dominance of the many narratives around this time, bely the failure of successive governments to have actually disinvested or privatized public sector enterprises and elides the nature of the relationship between the private and public sector within the Nehruvian political economy and its afterlives. Corbridge & Harris(2013) show that the ideology of deregulation deliberately invisibilised the decade of 1980s wherein government spending bore fruit, and the PSUs were doing well. Partial liberalization of the policy regime and marketization in the 1980s, led to a substantial growth in urban manufacturing, after two decades of growth at a lower rate. “Improvement in capital efficiency, technological developments, increased expenditure demand flows and the possible coming of age of India’s long-term public-sector projects” defined the brief spike in

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<sup>2</sup> The idea of the entrepreneurial state stems from Mariana Mazzucato’s *The Entrepreneurial State: Debunking Public vs. Private Sector Myths*(2013), drawing light to the ways in which both the public as well as the private sector play a role in creating a free market economy, investing in key areas of technological innovation, thus debunking myths of a minimal or small state and big business.

economic growth which is often overlooked before “crisis” mode was activated (Corbridge & Harris 2013).

Debates over narratives of the need and inevitability for neoliberal reforms have been rife. Those who have studied the Indian economy at the eve of liberalisation, point to the repeated calls for reforms by those that asserted that the public sector was uncompetitive and did not yield adequately on the capital investment and budgetary overlays, which is what had led to balance of payment crisis (Khanna 2015). Whereas the fact that the state took several short-term loans, and had a disproportionate taxation regime, wherein the private sector was not adequately taxed was overlooked (Ibid). Important to note in this regard, is that the resistance to liberalisation did not just emerge from those who were linked to the public sector but also the private sector, that had long enjoyed protection from foreign capital and virtual monopolies in certain sections. Ultimately a dearth of state revenue, compelled the state to have borrowed from the World Bank which demanded privatization in return. The intense backing of an emergent generation of middle class, which had gradually become more disintegrated and incohesive, specifically led by an entrepreneurial class and the Non Resident Indians (NRI), led to an enthusiastic embrace of reforms (Rajagopal 2001; Corbridge & Harris 2013). From the vantage point of the present, 30 years since reforms and a world economic shift to neoliberal capitalism, an assessment of the economic viability or the deliberations around inevitability of reforms, in their face value would be an exercise in futility. But the specific directions in the realm of policy and the discursive tools deployed are useful entry points into tracing a longer history of the postcolonial political economy and the different phases of capital accumulation in India.

Following a few feeble attempts to resurrect loss making PSUs, with revival packages in the 1990s, it was in the early 2000s under the first NDA regime that divestment drives were formally and most assertively mobilized. The most publicized outcomes were the privatization drives of Maruti which took place right after 1991 reforms, followed by BALCO, VSNL and a host of hotels and a few consumer goods industries, totalling to a count of 13 PSUs among over 300 total. Under the leadership of Disinvestment Minister Arun Shourie and at the helm of the nascent Disinvestment Commission, the privatization bids set a historic benchmark between the years 1999 to 2004, for what disinvestment would get close to achieving. It could also be termed as the peak in the trajectory, for it was the only phase wherein the high rhetoric of privatization actually materialised into some results. Since then, this process reflects anything but the inevitability of privatisation, as it has been constituted by stalled and failed efforts. In the interim, there have been accusations towards both Congress led UPA and NDA governments, for carrying out an equal number of failed and compromised attempts of privatization wherein PSUs have been sold off to private sector figures in entirely partisan manner, or for pulling public sector banks to inject incompetent loans to both public and private firms, using public savings to aid in addressing political outcries over ‘sick’ firms. These moments have revealed the historically entangled and often ‘cosy’ relationship between the private and public sector mediated by the state, another feature of the developmental political economy of the Indian state that requires deeper unpacking.

The failure of PSUs to realise the goal of industry led modernization, was attributed to several causalities, but the most criticized one was its ever-growing entanglement with the bureaucratic state, and various kinds of political rent seeking. This characterization and association with bureaucratic red tape and political rent seeking, became the foundation for a full-fledged attack on the viability and sheer existence of such enterprises. The excessive

control over the management and daily operations, reflected the ways in which the political class attempted to control levers of political life through the public sector. The ways in which these firms embedded themselves in particular contexts, shaping urban space, infrastructures, local economies and even the private sector, made them critical to the local contexts of the Indian political economy. Whereas on the other hand, it was precisely these local, regional and infrastructural contexts that were side-lined and public sector firms were coopted and mobilized towards larger political goals and strategy, causing moments of counter claims-making and assertion of ownership.

### **PSUs and the Nehruvian Political Economy and Developmental Planning**

Much of the contradictions that characterise the career public sector undertaking can be traced back to the dynamic debates that structured its origins. Partha Chatterjee in his essay on developmental planning, argued that with such an enormous citizenry that enjoyed universal franchise at the moment of decolonisation, and with the urgent need to modernise industrial and agricultural production, planning become a distinct and protected domain that would belong to experts, specialists and technocrats, and would be at the helm of this project. Whereas electoral and representative democracy would be pursued in a different sphere of more local and mass-based politics (Chatterjee 1994). Thus, the postcolonial state with its equal commitment to both democratic practice as well as accumulation for the process of modernization (specific industrial modernization), was imbricated in facilitating a relationship between these two distinct but critically intersecting domains. As economic historian Balasubramanian (2021) observes in his examination of various intellectual debates that were taking place while deliberating the nature of the nascent economy, “the (postcolonial) economy became the new domain in which the nation could be debated” (9).

Planned economy, through the mechanism of Five Years Plans, were pegged to couple economic development with social reform, and this was the keystone of the Nehruvian developmental state. But in the early years around decolonization, the nascent government, Congress and Nehru were in loggerheads over the exact approach to achieve this. Initially economic development did not have an explicit commitment to social transformation, and the agricultural development and modernization was to be prioritised over urban industrial production. But the socialist faction, which included Nehru ultimately emerged as the most important influence in shaping economic planning, countering representatives of private businesses and propertied classes, to champion the cause of a ‘socialist patterned modern society’ (Frankel 1978). The commitment to socialist economy, required the prioritization of social reform in a deeply divided and diverse society, which agricultural development could not achieve on its own. Industrial modernisation would become the foundation on which societal development and the fruition of all parts of the economy would take place. The Second Plan cemented this avowal, in the face of many sources of opposition, especially those that represented private capitalists (Frankel 1978). The crux of the relationship between public and private sector in the realm of industrialization was made clear in the New Industrial Policy Resolution. While the state took up the predominant and direct responsibility for setting up new industries, the private sector was to have the opportunity to develop and expand. While many scholars have argued that the private sector was not only allowed to exist, but also occupied a unique role in framing early years of developmental planning, for historically specific reasons, there was a share consensus that “the public sector must grow not only absolutely but also relatively to the private sector” (Frankel 1978:130).

The treatment of private sector would be critical to keep in mind, when tracing the critique of the public sector. While planned economic development and the Second Plan, announced the economy's official adoption of socialist pattern of development and modernisation, it was in many ways an experiment or reinvented socialism, wherein the private sector was allowed to exist and grow, in albeit limited capacity. This could be attributed to the presence of a prominent political representation of the business class and private sector, advocates of business families, many of whom were prominent in the colonial economy since the late 19th century. The role of the Bombay Plan and its prominent members representing big businesses that existed since the colonial period, in shaping the Second Plan, in addition to the socialist factions of Congress, revealed the ways in which the plans for state led development, attempted to combine both concerns of capital as well as of 'developmentalism' of a socialist kind. The role of such sections in consistently applying pressure on the Nehruvian socialist parts of Congress and the government has been highlighted by scholars such as Benjamin Zachariah. The presence of conservatism and free market advocates from the early days of late colonial period and during the first few decades nation building, were critical in blunting the socialist face of Nehru's policies (Zachariah 2005; Subramanian 2021). While at the moment of decolonization, this model of public sector led development derived from China and the Soviet Union, some would argue that it was too concessionary towards private sector and did not discipline private capital enough, unlike the case in South Korea (Chibber 2003). Regardless, up until the period of reforms, the relationship between the public and private sector and the prominent role of the public sector in anchoring the economy, was far from a well-rehearsed model or a coherent ideological project, but one that was experimental and always in the making. The ways in which private capital grew during and after liberalization, the extent to which state protection towards them was extended and denied, clarified the ways in which the Indian state would embrace free market capitalism. Thus, critics on both sides, project two versions of the Nehruvian political economy from the 1950s to 1970s, either as too socialist or not socialist enough. It was this fundamental contradiction that shaped the treatment of PSUs in the post reforms era.

### **Spatial, Material, and Labor Entanglements of PSUs**

The focus of state led industrialization led to the setting up of industries in strategic sectors such as power, infrastructure, coal, energy, defence as well as heavy industries for capital goods such as machine tools, machinery and metallurgy and consumer goods. Apart from the inability to mobilize enough capital to take up such critical sectors of production, the ultimate motive of this pattern of development was the desire to address large scale unemployment, the disciplining of existing labour and urban development. Specifically, the decision to locate key industries in areas that would become nodes of development, as a way of addressing unevenness of development, represented a commitment to this goal. Thus, public sector industries were to shape model citizens and produce a planned space of the nation through townships, public goods and infrastructure of the public sector. While the history of public sector undertakings, reveal an incomplete and fractured realisation of these lofty ideals, but it is important to note these, when thinking about where the effects of the decline of public sector were felt most.

With India's historically significant informal labour, and its further intensification after neoliberal reforms marking consequent shift towards a norm of contractualisation, the formal versus informal workforce question has become less and less relevant in understanding the question of labour. Nevertheless, the story of the formal sector workforce, specifically the most privileged within this group - the public sector worker, is important in understanding the

issue of labour, urban infrastructures as well as socio-political movements of caste and language. Jonathan Parry's (1999) works on the Bhilai Steel Plant and its township, one of the first PSUs that materialised Nehru's vision of industrial modernity, are a critical insight into the political subjectivities that were produced in such projects. Examining the PSU worker, purported as the exemplar of the new working class, who would embody the model citizen and model worker of the nation, Parry maps the trajectory of this particular class formation. This section of the formal sector worker, with its access to permanent jobs, benefits such as pension and access to several benefits, inhabited lifeworlds distinct from the informal workforce as well as other private sector formal workers too. This was clear in the way in which the public sector workers identified themselves as having naukris (specifically sarkari naukris, that marked them as employees rather than workers) as jobs with the state, whereas contractual workers saw their work as kam, which was daily wage work at the assembly line, which had a clear impact on the relationship that each shared with the public sector employer, in the shop floor as well as in trade union politics (Parry 1999). These distinctions in the ways in which class differentiations and asymmetries were embedded into the Indian labouring classes as well as in the multiple lifeworlds that the public sector engendered. There were ways in which the public sector structured politics, specifically labour politics, in its relations to other anchors of identity and kinship such as caste and language. But Parry argued that the identity of the public sector job also lay in producing a possible avenue to transcend from other identities of caste and ethnicity, and take up the selfhood of someone who held a sarkari naukri, and the world of stability and lifelong and intergenerational benefits it endowed a worker with. This was particularly important for those who came from lower caste identities, availing the reservation option, which was mandatory for public sector jobs, in being able to access tremendous amount of social mobility. The irony was that caste pervaded these categories as well and eventually manifested itself, but to a large extent it was countered by an identity and space of the sarkari naukri of the Nehruvian state which held the promise of transcending other identities or coexisting with them.

While Parry observed that there was a clear distinction in class identities of formal and contractual workers, other labour sociologists working on different contexts argue that it was more a graded differentiation, as often times the formal and informal worker would come from the same family or community (Jan Breman's *Footloose Labour* (1996) quoted in review of Parry's works). In this context, it is important to note the ways in which the public sector firm's role in employment as well as urbanization and infrastructural development come together. In the case of an underdeveloped context like Bhilai which entirely developed because of the Bhilai Steel Plant, with workers migrating to work in the factories from other states or nearby villages, the PSU was the central anchor of development, and thus emerged to take on paternalistic role, as Parry has examined. Bhilai Steel Plant would qualify as a classic example of Nehruvian vision of using PSUs to address regional underdevelopment and inequalities. But in the case of a city like Bangalore, which before its emergence as the IT capital in the 1990s, used to an entirely public sector city, with the country's first and important PSUs like HAL, BHEL, ITI, BEML and BEL<sup>3</sup>, among others being established in

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<sup>3</sup> These PSUs were located in multiple sectors such as aeronautics, telecommunication, engineering goods and machine tools, some stemmed from World War II industries but the longer industrial base was established from the colonial era under the helm of M Visvesvaraya, who had been a longtime advocate of developmental policies and industrial modernity. For more on the public sector history of Bangalore, one can refer to Janaki Nair's *Promise of a Metropolis*, a history of the urban development of Bangalore. Additionally, one can also look at recently written piece by the author for a popular media platform, on the specific ways in which PSUs aided the growth of Bangalore and visual mapping of the growth -

the city, due to its strategic location away from volatile borders in the northern cities (Heitzman 2004; Nair 2005). Much of the economic and spatial growth of the city from the post-independence period was on the back of the PSU led economy of the city, not just being the biggest employer but also in aiding the growth of a large body of ancillary and small-scale industries. Most of the PSUs being engaged in cleaner high-tech production, that skipped the smoke stacks stage of production (which labour intensive industries like textile production were characterized by rendering particular kind of working-class politics for example in cities like Mumbai), which had a bearing on the nature of labour politics in the city (Nair 2005). This along with the dominance of public sector backed jobs and unions, created a large body of labour aristocracy, less proletarianized and with a different relationship to industrial work. Some argue that one of the most important factors for the IT revolution, under the leadership of companies like Infosys and Wipro, to have taken place in Bangalore stemmed from the legacy of the PSUs, in producing a skilled workforce and providing the necessary infrastructural scaffolding, a narrative that would be antagonistic to a Silicon Valley narrative of disembodied innovation.

Besides the higher-level tech engineering jobs and the specific legacy of electronics and telecommunication sector in contributing to the software boom, the larger population of the city that was engaged in the entire gamut of jobs and ancillary jobs that the public sector created, witnessed waves of decline and transformation since the 1990s. Interviews revealed that one link to the public sector firm, would produce a chain of links and access to services and a foothold in the city. For instance, one family would have a member who held a permanent job, while others in the family would either be in a competing private sector job or a contractual position within the same public sector firm. At the level of the firm, private sector firms would try to not only match public job salary, but also emulate similar commitment to ideals of employee welfare and national development as the public sector firm. A large number of technical and industrial training institutions would be the foundation for skill building for a person opting for either public or private sector or to establish their own small-scale firm. More significantly, this created a network within the urban economy, where links to public sector firms for crucial for securing a sustained channel of assignments and projects for the burgeoning small and medium scale enterprises. Thus, in the case of Bangalore, unlike Bhilai rather than a paternalistic presence of a single PSU, a PSU based economy, created a mass of workers, skilled professionals and entrepreneurs, that grew out of its networked economy. The decline of PSUs post liberalisation, and the closure of several of them, caused a severe decline in this model of the economy of the city, causing a waves of informalisation and flexibilization of the previously strong formal sector.

The case of Bangalore, also helps in shed light on the ways in which the apparent dichotomies between public and private sector and formal and informal sector are blurred or in a more entangled arrangement. This becomes even more evident in the case of social movements, of caste and linguistic politics. Most PSU townships were set up with the rhetoric of public good and promise of development, acquiring greenfield lands, both the case in Parry's study of Bhilai and in the case of Bangalore (for instance, HAL and ITI), where the villagers would be promised a job and fair compensation for their land. Often alongside the sprawling township that housed a section of the workers, there would be an adjacent urban village, a remnant of the village that was acquired (Nair 2005; Subramanian 2017). Such is for instance the case of ITI (Indian Telephone Industries, India's first PSU) and its neighbouring urban village Ramamurthynagar. In many ways both have had an entwined and

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<https://scroll.in/article/938388/map-how-bangalores-it-sector-flowered-from-a-princely-state-diwans-industrial-dream-in-1911>



co-dependent development, wherein the PSU has drawn on the village for workers and the village has drawn on the township for access to infrastructure and public services, such as water and power. The growth urban village has been part of the urban sprawl aided by one such PSU, which provided both infrastructural provisions as well as a stream of retired and contractualized workers who settled there. Dilip Subramanian observes how ITI is also the first site where the Kannada language movement of the 1980s-90s took place spreading across the city, with demands for jobs for Kannadigas and to end the monopoly of higher end jobs by Tamilians. The township along with surrounding urban villages such as Ramamurthynagar, wherein several rural migrants from all over Karnataka had settled working in several working-class jobs in the city, became the hotbed for intense and often violent linguistic politics that defines much of the state's sons of soil and regional movement. These movements were the foundation for the Sarojini Mahishi Report (1983) which institutionalized reservation of a certain portion of jobs for Kannadigas in all PSUs of the state, setting a precedent across the country. These kinds of language-based movements, resonates with Parry's accounts as well as Hansen's account of Bombay, wherein the threat of shrinking formal sector jobs led to an 'anti outsider' sentiment and the birth of a language-based sons of soil movements. Efforts of privatization or closure of PSUs in Bangalore over the last two decades, such as in the case of HMT (Hindustan Machine Tools, which shut down its iconic watch making factory in 2014) and other state government PSUs such as NGEF and Mysore Lamps, were long and protracted political battles between different actors, members of various social movements, civil society members and agents of the state and central government, reflecting the rich history of entanglement of local everyday politics and the public sector in the city<sup>4</sup>.

### **The Place of PSUs Within the Neoliberal Political Economy**

While PSUs have been marked by different registers of local politics, the PSU as an infrastructural, real estate and financial entity has been prominently wielded for successive governments' imperatives of capital expansion and accumulation. One of the key features of the last 30 years of discourse on the fate of PSUs, has been the stalled and protracted nature of government policy on it. In the early 1990s, when most PSUs first started registering losses, the concept and policy of 'disinvestment' emerged and a litany of government bodies enforcing it such as The Board of Financial and Industrial Reconstruction (BIFR) and specifically the Disinvestment Commission and its later avatars. Attempts over the years to make PSUs leaner with less bloated bureaucratic leadership and more productive managerial practices, have been successful in some cases and in others only introduced further interference and mismanagement at the hands of constantly changing management and often bitter back and forth between state and central governments. Learning from the political and electoral consequences of the first NDA's privatization drive, the Congress led UPA I and II governments made fresh attempts at 'reviving' PSUs, pulling back from the privatization route, between 2011 and 2014. Under the helm of Board of Reconstruction of Public Sector

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<sup>4</sup> Bangalore, like many other parts of the country, has witnessed intense public contestation of moves to close down public sector units, both state and central government owned. Specifically in the case of a state owned PSUs, which like the state bureaucracy were mostly dominated by prominent middle castes of the state Vokkaligas and Lingayats, witnessed the political mobilization of a Kannadiga public comprised by these groups that laid claims to these firms and a role in deliberating their fate. A lot of public discourse, which involved civil society participation too, expressed a rejection of a real estate led redevelopment trajectory for the public lands which the PSUs occupied, referencing such trajectories being followed through in the case of the textile district of Mumbai. This intense and rich public discourse played a huge role in the process of stalling and slowing down the trajectory of what the central or even state government would be able to achieve with regards to the public sector firms, as these decisions would have clear political costs.

Enterprises (BRPSE), led by ex-bureaucrat Nitish Sengupta and other influential committees, opted for a route that was not a choice between providing incompetent financial packages or closure, but radical reorganization. Large part of the reorganization, involved classifying and recategorizing PSUs according to their strategic importance in the new economy, focusing on strengthening profit making firms and those in core sectors of the economy such as energy and infrastructure. A significant and successful result of that was an official recategorization of PSUs as Maharatnas, Navaratnas and Miniratnas, a graded indication of importance, and thus qualifying in that order state attention and resources. These efforts led to the revival of a number of PSUs as well as the failure to revive some others, especially the failure of the strategy of profitmaking PSUs helping the state in carrying out 'buybacks' of sick PSUs and taking on their lossmaking units.

Another equally important facet was the disaggregation of the entity of the PSUs and the extent and arrangements of state ownership in these disaggregated parts. This meant that PSUs were seen as not just firms, but firms that had both physical and financial assets. Land and brownfield assets management emerged as a crucial concern, with different committees pointing to the large mass of public lands and infrastructures that could be utilized more efficiently in their monetary returns. Such recommendations also arose at a time when urban areas witnessed real estate based financial speculation, marking public sector land as prime and unutilized real estate, alongside other private industrial land which was yielding to do real estate capital through redevelopment. Some efforts to monetize such a land bank were successful but many were met with political backlash, as was the case in Bangalore.

The present NDA II regime has rescaled and tweaked some of these efforts in their treatment of PSUs, under a renewed endorsement of the privatization policy claiming 'the government has no business in doing business'. It purports itself to be revitalizing and remobilize the efforts of the Shourie era in terms of a fast-tracked path of complete privatization. But this pronouncement, can at best be seen as a political maneuver in trying to harp back and manufacture a legacy around the predecessor NDA era, as opposed to the Nehruvian developmental legacy that the Congress mobilizes or is associated with. But in reality, the state and Indian economy under both regimes seemed to have been critically depended on a reinvented and drastically transformed public sector firms. From early on, the state relied on the public sector as a major source of revenue and fiscal consolidation, through sale, dividends and for debt repayment. The present phase is also characterized by a corporatization of the firm and professionalization of management. In fact, public sector enterprises have been repeatedly relied on for bailouts and for meeting budgetary goals in the last three decades. Moreover, many of the PSUs in strategic sectors of the economy, have been critical lever of control for the state in being able to facilitate, control and manage new arenas of capital accumulation. DIPAM, Department of Investment and Public Asset Management, the body that replace BRPSE, latest in the long lineage of departments formed by successive regimes to deal with the question of PSUs, has been critical in calcifying the position of PSUs within the political economy of the state. The long lineage of departments that are ambitiously installed and later disbanded or replaced or the different ministries that are at the forefront of managing the fate of PSUs has been telling itself. The fact that a body like DIPAM, entirely under the Ministry of Finance, completes the shift, long in the making, in marking PSUs as 'public' or state-owned assets that will be wielded for strategic and corporate uses of the state. Rather than what they were earlier - industrial firms engaged in production and employment, mainly under the Ministry of Heavy Industries or respective sectoral Ministries like telecommunications and so on.

## Conclusion

To understand the nature of the transformation of the PSU landscape and its relationship with postcolonial state and capital requires a deeper exploration, as the paper has attempted, into the specific actors that are involved in negotiating and contesting for the fate of PSUs, management, labor unions as well government bodies, the state and central governments, which often represent antagonistic interests. And it requires an unpacking of the specificities of ‘unbundling’, through a look at the nature and politics of revival strategies, the periodical re-categorization of PSUs within different hierarchies of strategic use, the shuffling of decision making between different committees and ministries alongside the question of labor and the discourse over the PSU lands as infrastructural assets. In the recent years, certain features emerge as becoming crucial to the deliberative discourse on PSUs – their revitalization and exploitation as cash cows during moments of fiscal crisis, the separation of welfarist obligation from their productive function and their potential for other financial dividends like real estate, state revenue etc. The neoliberal reforms that famously inaugurated India’s process of ‘opening up’ and promised a complete transformation in the realm of politics, the economy and society, placed the public sector as one of its key sites of transformation. The central focus on the treatment of the public sector, was a significant instance among other instances, wherein the public sector figured as a channel with which to engage with the body politic of the nation. While the several drives to discipline and reform the public sector, have been ideologically and processually incohesive and incomplete, the trajectory of such attempts as they play out within realm of economic policy making, as well as within the realm of more regional and local politics, reveal much about the embeddedness of the public sector with the postcolonial state. The trajectory is also telling of the nuances and the complicated nature of the historic relationship between the private and public sector, which was critically reconfigured. Moreover, a historical and spatial and material examination of the public sector sheds light on the ways in which these apparently distinct levels of politics and spheres of economic affairs, intersect and co-constitute one another.

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