Impacts of neoliberalisation on small-scale entrepreneurs:
An empirical investigation of farmers and retailers in West Bengal, India

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Abstract

India's recent history of neoliberal economic expansion has encouraged large-scale foreign and domestic corporations to expand rapidly across the country. This neoliberal expansion has been seen in both the retail sector and the agricultural sector (impacting both urban and rural livelihoods respectively). Inevitably, such expansion has been controversial, evoking controversies around both socio-political and economic issues as the benefits of this development seem to be gained by the large corporations at the expense of small-scale indigenous livelihoods. This thesis provides an empirical study of the impacts of diverse neoliberal perspectives (multinational and home-grown) in both the agriculture and traditional retailing sectors. The chosen study area is the Indian regional state of West Bengal (WB) because of its individualistic political-economic history (i.e. a combination of communism and liberalism) against a backdrop of 34 years of continuous communist rule (1977-2011). In particular, the empirical focus is on the Bardhaman district (within WB) which has a thriving and diversified economy with expanding agricultural and industrial sectors.

On the basis of empirical research, it is argued that the impacts of neoliberal expansion policies are many and varied. The main empirical work focuses first on the impact of the expansion of the corporate giant PepsiCo and its domination of the agriculture supply chain in Bardhaman. The research suggests that the inherent difficulties of the financial and marketing infrastructure in the local agricultural sector have weakened the chances of economic survival for small farmers against this growth of neoliberalism. It also explores how small farmers, despite promises of better financial deals through working with companies such as PepsiCo, are, in fact, caught between making deals with local moneylenders on the one hand and the consequences of the conditions of trading agreements with the large corporations on the other. These problems are not only financial: they are also social and psychological.

The thesis also explores the growth of large corporations in the retail sector and discusses similar issues around survival for small-scale urban independent retailers. However, in this case, it is argued that the impacts on small traders has been more varied. The rise of the large corporations has exposed different sub-sectors of small-scale traditional retailing—mom-and-pop stores (known as kiranas) with legalised and permanent spaces, and street vendors often unlicensed and lacking fixed stalls—to the vulnerabilities of dispossession. This part of the research is conducted in the industrial city of Durgapur in Bardhaman district. It is argued that the kirana owners are exposed to the greatest difficulties due to customer loss caused by unequal competition with the corporate retailers. On the other hand, the street vendors, although also being involved in a day-to-day struggle to retain a living in the face of the changing retailscape of the city, seem to be thriving against the backcloth of neoliberal expansion. The resilience strategies of both groups of small-scale retailers will be explored in detail.

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Chapter 1: Introduction

1.1 The background story

"The much-hyped story of economic growth" in neoliberal India "hides the truth about heightened inequality, the blatant biases against the poor, the hostility of the state toward welfare, and the misery wrought upon the poorest of the poor" (Bhaduri, 2008:10). My thesis aims to empirically examine if implementation of neoliberal approaches towards economic growth have indeed debilitated the weaker sectors of the economy widening the gap between the rich and the poor. In other words, is neoliberal India experiencing cumulative accumulation of capital in the hands of the large-scale corporations at the cost of those whose livelihoods fail to fit into the framework of free-market capitalism?

The political-economic ideology of post-colonial India maintained a conservative outlook for much of the second half of the 20th century. There remained "an uneasy alliance between the state and national capital" because of the "strongly protectionist" strategies of the state specifically in the farming and manufacturing sectors (Schmalz and Ebenau, 2012:492). However, the 1960s green revolution in the agricultural sector elicited capitalist interventions and gradually diluted the state's prominence in the economy (Chibber, 2003). Since 1991 internal and international ambiguities on the economic front have combined with a distressing balance of payment crisis to make the government deviate from its democratic socialist path (Schmalz and Ebenau, 2012:492). On the one hand, industrial liberalisation and pro-market economic strategies altered the internal regulatory structure. On the other hand, India's participation in the WTO loosened the trade barriers and prompted more flexible currency convertibility – i.e., the adoption of more 'satisfactory' exchange rate policies – to encourage foreign investments (Schmalz and Ebenau, 2012; Kohli, 2007). Thus India started adopting neoliberal remedies relying on its capability for economic renewal, what Harvey (2007a:33) refers to as the "rhetoric about curing sick economies".

The regional state of West Bengal (WB), however, tried to maintain its political-economic trajectory of "distributive justice" under its communist government led by the Communist Party of India (Marxist) which promoted small-scale farming and small-scale industrial expansion (Khasnabis, 2008:104). Additionally, the apparently ever growing informal economy with indirect but intentional support from the government increased political stability during the 34 years (1977-2011) of the Communist Party government despite severe challenges to the economic stability of the state

(Sarkar, 2006:342). The economic crisis was specially marked since the mid-1990s; it was allegedly affected by the neoliberal policies of the central government, which discouraged small-scale economic activity (Khasnabis, 2008:104). The feasibility of small-scale agriculture was significantly challenged due to a reduction in public control on the market of certain essential farm inputs such as irrigation (regular irrigation coverage was only 40% of the net cropped area of WB). The leftist government failed to cope with the "oligopolistic" privatised water market and eventually surrendered to the central government's strategy of neoliberalisation, which encourages farmers to collaborate with big business. Small enterprises (including in the retail sector), on the other hand, were exposed to "stiff competition" in a free market essentially dominated by large-scale corporate capitalists (Khasnabis, 2008:114). In due course, small-scale farming turned out to be less remunerative forcing a considerable part of the agricultural workforce to be driven out from their original occupation, while small-scale enterprises did not have the potential to create extra jobs. Subsequently, the communist government started encouraging investments from domestic and foreign corporations under the rubric of creating a "level playing ground" for all players (Khasnabis, 2008:114). Subsequently, an influx of foreign capital specifically in the industrial and service sectors created an affluent middle class heavily aligned with the global economy and successively the demand for consumer goods kept on rising (Kalish and Planer, 2012). Nevertheless, even after the end of the Communist regime the state continued to maintain its distinctive stance concerning neoliberal economic policies. In 2011, the central government declared it would allow 51% of foreign direct investment (FDI) in multi-brand and 100% FDI in single-brand retailing within a broader plan of economic rejuvenation (PTI, 2015). The WB government – even though it was by then run by a non-Communist political party – did not implement the first of these measures in the belief that it would contribute to the socio-economic vulnerability of small farmers and small traditional retailers (NDTV, September 15, 2012). Yet international brands are very much present in the state in the single-brand sector and are also gradually penetrating the multi-brand wholesale sector; while the inflow of corporatist capital in multi-brand retailing from indigenous sources has altered the retail scenario in the state. Therefore, the relationship between the state and capital might be less straightforward in WB, but consumerist economic expansion has continued regardless.

The political perspective of adopting a free-market neoliberal economy brings together actors ranging from "business elites to the growing affluent middle classes into a supportive social bloc" (Schmalz and Ebenau, 2012:492). However, such "warmer" relations between the state and capital leave "many others out in the cold" (Kohli 2004:285). Therefore, despite growing 'economic dynamism', overall development can hardly be achieved in India (nor therefore in WB) as economic hardship continues among the poor with job crises in the formal sector, prolonged agrarian difficulties and generally unfavourable results in terms of poverty alleviation (Schmalz and Ebenau, 2012:492). The neoliberal remedies of economic growth eventually lead to “internal colonisation” of the financially weaker and marginalised sectors of the economy “through forcible dispossession and subjugation” (Bhaduri, 2008:13-14). Bhaduri’s analysis of “internal colonisation” of neoliberalised India, thus, reproduces the impression of “accumulation by dispossession” which Marxist geographer David Harvey (2007a) adopted to signify the supremacy of capitalist power over small-scale and low-cost livelihoods.

My research will investigate the impact of capital accumulation on the small-scale entrepreneurs in the farming and traditional retail sectors that contribute a significant share of GDP in the state of WB. My study area within WB is Bardhaman, a significant district in terms of economic prosperity with extensive potential for encouraging corporate investments in the agricultural and retail sectors, as I will discuss in Chapter 3. The following section will introduce the district of Bardhaman and provide some contextual background.

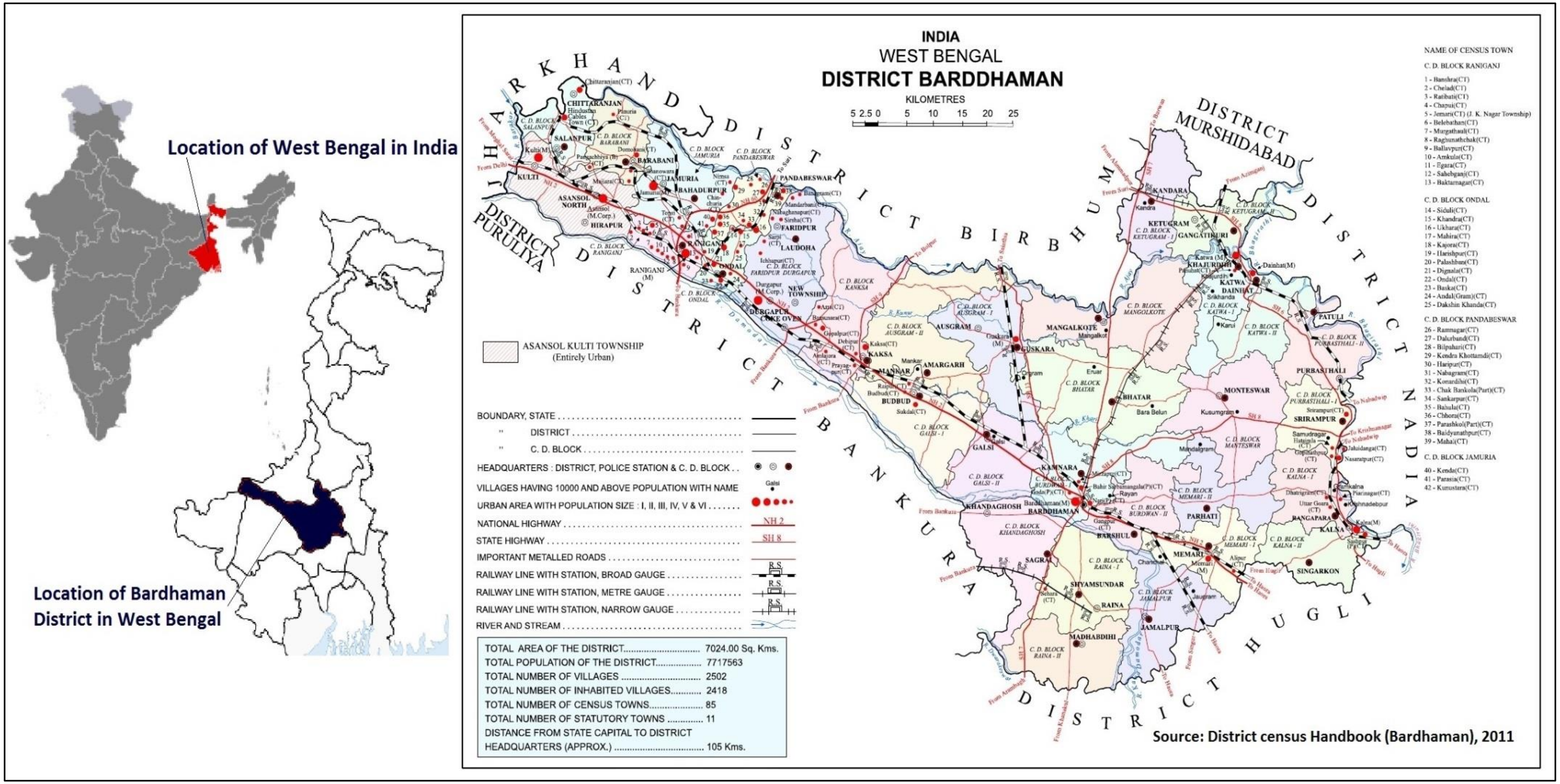
1.2 Brief introduction of the study area

The empirical focus of this thesis is on Bardhaman district in WB. Since April 2017 Bardhaman district has been divided into two parts, Purba (east) and Paschim (west) Bardhaman. However, in this thesis I will refer to the undivided Bardhaman district as the empirical research was conducted in 2014 and 2015.

Situated between $22^0$56’N and $23^0$53’N latitude and between $86^0$48’ E to $88^0$25’E longitude, it is the third most populous district in the state (District Census Handbook of Bardhaman, 2011) and the seventh in the country (Census of India, 2011).

As a result of geographical location and favourable physical factors, Bardhaman has a thriving diversified economy with expanding agricultural and industrial sectors. Broad agricultural plains with rich alluvial soil, suitable climate and widespread irrigation with interconnected canals along with three major rivers girdling the district boundary (Hooghly river to the east, the Ajay river to the north and the Damodar river to the south) have helped bring agricultural prosperity to the district (Palaskas and Harriss-White, 1993; Ministry of MSME, Govt. of India, 2012). Bardhaman is a basically rural district (with a 60.11% rural population) essentially dependent on the agricultural economy. 45.18% of the district population earn their livelihood from the agricultural sector (District Census Handbook of Bardhaman, 2011).

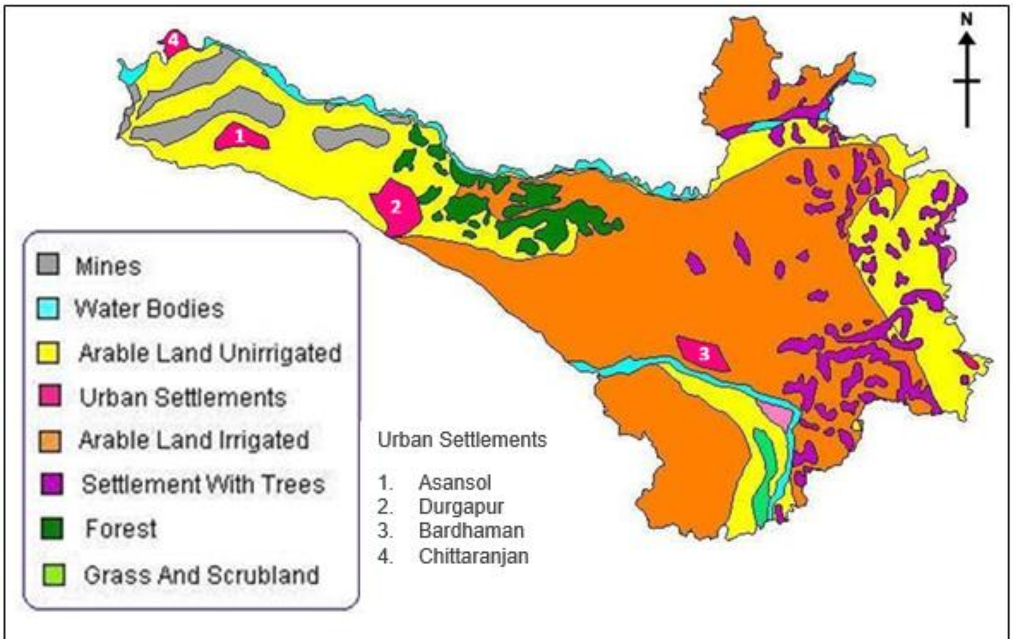
Figure 1.1: **The location and administrative boundary of Bardhaman District**



Source: District census Handbook (Bardhaman), 2011

The district has been known as "the granary of West Bengal" because of the production of "quite a considerable quantity of surplus food-grain" (Webster, 1990:177). Bardhaman has developed a significant range of agriculture with various crops ranging from rice (particularly the 'Boro' variety) and potatoes (HYV 'Jyoti') to pumpkins, wheat and mustard (Palaskas and Harriss-White, 1993).

Figure 1.2: **Land use pattern in Bardhaman district**



Source: National Informatics Centre (Bardhaman District Unit), 2013

Most of the irrigated arable lands of the district are concentrated in central and eastern parts and these areas possess fertile alluvial soil (Webster, 1990).

The western part is less cultivated because of poor irrigation facilities and lack of suitable agricultural lands. However, the growth of industrial townships like Asansol and Durgapur provide markets for the agricultural produces (Webster, 1990).

On the other hand, the mineral deposits in the western part of the district have favoured its industrial economy (figure 1.2). Coal is the principal mineral available within the district, while other materials include building stone, ordinary sand, murrum and brick earth (Directorate of Mines & Minerals, Govt. of WB, 2010-11: cited in Ministry of MSME, Govt. of India, 2012). The readily available water resources along with hydro-electric and coal-based thermal power generation programmes have added to the infrastructure for industrial growth (Burdwan District Unit, 2017). All these together have helped to carve out new economic spaces – specifically coal mining around Asansol and the steel industry in Durgapur – in Bardhaman district. Today Asansol is the second largest city (next to the state capital of Kolkata) while Durgapur is the biggest industrial entity in WB (Census of India, 2011).

A growing middle class and increasing employment opportunities have made the district (the undivided Bardhaman) an attractive destination for capital investment by large corporations. At the same time, the potential of the agricultural sector has also enticed the big capitalist firms to exploit the opportunities of commercial farming. As a result, the district has grown as a neoliberal hub showing for capital investments away from the state capital of Kolkata.

It is worth noting that the industrial and mining sectors are mainly based in the new Paschim (west) Bardhaman, while Purba (east) Bardhaman is largely agricultural. Both the new districts, therefore, are supposed to continue developing their individual economies though separately.

In line with the state's distinctive approach to market liberalisation, Bardhaman has so far experienced neoliberalism in different forms with the help of both foreign and domestic corporatist capital. My research endeavours to bring out this diversity of free-market capitalism in a multi-sectoral context. It explores the impacts of the intrusion of multinational corporation PepsiCo into the farming sector, and it looks at the impact of the large corporate retailers of domestic origin on the small-scale traditional retail sector. This will help us understand how capitalist expansion in a liberalised market economy really affects local low-cost livelihoods is concerned and whether neoliberal expansion leads to "internal colonisation" eventually creating a dispossessed and subjugated workforce.

1.3 Contribution of this thesis to existing literature and aims of the research

Despite the wide ranging research on accumulation by dispossession, there remains a lack of theoretical and empirical focus on the impact of neoliberalisation across different economic sectors of a single economy with a synchronous approach. My research looked for two economic sectors at a stretch — small-scale agriculture and traditional retailing. It explores that adoption of neoliberal policies by a state simultaneously affect its various economic sectors in diverse and divisive ways. It also adds that these small-scale sectors already suffer from social and economic vulnerabilities due to certain intrinsic difficulties related to the existing infrastructure. Subsequently, intrusion of large-scale capitalist firms has made the indigenous low-cost entrepreneurs of these sectors further vulnerable.

In the existing literatures, I found an emphasis on the role of transnational organisations in altering the indigenous livelihood structure, while the impacts of domestic neoliberalism remained much unexplored. My research, therefore, attempts to explore the impacts of various facets of neoliberal capitalism – induced by domestic and as well as international corporations. I argue that home-grown free-market capitalism can equally jeopardise the occupation of local people who survive on limited capital.

I conducted the field research in two phases. First, I explored the current livelihood challenges of the small-scale farmers of rural Bardhaman, including those who are involved in contract farming with the giant corporate PepsiCo India, the Indian wing of the American multi-national PepsiCo. Then, I examined the impact of another aspect of neoliberal capitalism, in the retail sector, which is developed from exclusively home-grown large-scale corporate firms. Therefore, in its second phase, my research explored the current situation of traditional low-cost retailers who are exposed to an intense livelihood challenge in the face of rapid expansion of corporate retail chains in the small industrial city of Durgapur. Rather than focusing on the leading metro cities (as most of the academic literature did), I selected a small city like Durgapur. It helped to build up a better understanding of the impacts of neoliberalisation in those areas which are usually overlooked considering their political, economic or demographic 'inconsequentiality' in the wider context of this hegemonic process. I found that many store owners faced a severe loss of business due to the penetration of corporate retailers among their middle class customers. At the same time, street vending, another sector in the traditional retail mix, is suffering from intense insecurity in terms of material space while the retail space of the city is rapidly being occupied by large shopping malls and supermarkets. Research outcomes from both these sectors suggest that neoliberal remedies of economic development eventually lead to proletarianisation and dispossession at the expense of low-cost indigenous entrepreneurship.

The central aims of the thesis are, therefore:

1. To explore the ways in which small scale farmers and retailers are affected by new investments by large corporations. To meet this aim I ask a series of questions:

A: What is the nature and impact of both formal and informal credit channels for small farmers? Financial crisis is a perennial feature of the agricultural sector in WB, where 96% of farmers are from small or marginal categories (Census of India, 2011). Accordingly, many farmers are essentially hooked on credit sources – whether to start a production cycle or to withstand volatile market conditions. It is necessary therefore to understand the role of credit channels in affecting agricultural livelihoods specifically against a backdrop of a changing environment which is increasingly being shaped by corporate capital.

B: What happens when farmers engage with a multi-national corporation buying their produce by contract? In order to answer this question, I explore the current social and economic implications of corporatised farming focussing on the corporate giant PepsiCo India and its potato growing project in WB. I investigate the opportunities and challenges of such corporatist investments in the agriculture-based economy of WB.

C: How are small scale retailers and vendors affected by the advent of large retail stores and what resilience strategies do they adopt? This part of the research is designed to shed light on the survival struggles and resilience of resource-poor traditional retailers who are exposed to competition from large national retail corporations who have expanded their operations due to the growth of free-market neoliberal economic policies both in WB and in India more generally.

2. More broadly, to reflect on the change to small-scale livelihoods brought about by the introduction of policies close to the global neoliberal mainstream.

I argue in this thesis that the impact of West Bengal's move towards more mainstream neoliberal economic policies is both diverse and divisive for small entrepreneurs. My findings suggest that many small-scale farmers are keen to be engaged with the corporate sector as a means of overcoming their financial struggles – specifically to escape from the debt trap represented by the informal creditors who also control the local supply chains for farm products. However, their dependence on PepsiCo India has kept them under corporate control, even curbing their rights to interactional justice. At the same time, small-scale retailing is becoming increasingly affected as their target niche of middle class customers is being taken over by corporate retail chains. To fill in the financial gaps in this unequal competition, small-scale retailers are opting for some paid jobs to supplement their funding and enable them to continue running their existing businesses. Although many farmers have come to accept their proletariat status in the expectation of overcoming their livelihood struggles, the small retailers are fighting to sustain their entrepreneurial status in the face of financial difficulties. Additionally, I point in the pages that come to a diversity of impact even within the traditional retail sector itself. While the main concerns for the established store-owners were related to their drop in sales and customer losses, the street vendors are struggling to retain a piece of material space in the transforming retailscape of the city.

The outcomes of my research support David Harvey's seminal argument concerning "accumulation by dispossession" in diverse sectors of the developing economy of WB (Harvey, 2007a). Indeed the dynamics of dispossession by capital accumulation will be here scrutinised from the perspectives of multi-national and home-grown capital in two small-scale economic sectors – agriculture and traditional retailing – and in different geographical settings, rural and urban. My findings suggest that irrespective of variable conditions such as source of investment or economic sector, the "level playing field" of a free-market economy is actually a field for the big players with broad resource bases in which the small-scale players can hardly participate. Rather it leads to the further concentration of power and wealth in the hands of those big players while the resource poor are exposed to further suppression creating a dispossessed proletariat.

1.4 Thesis structure and findings

The chapters of this thesis are stitched together under the broad theme that neoliberal policies strike different economic sectors of a developing economy in diverse and divisive ways; and eventually it ends up with capital accumulation at the cost of proletarianisation and dispossession of indigenous small-scale livelihoods.

Chapter 2 provides a critical overview of key academic literature on the impacts of the present hegemony of neoliberal policies. It starts with the Marxist geographer David Harvey's theory of "accumulation by dispossession", which provides the basic ground for an understanding of contemporary capitalism. My review of a wide range of literature builds up a sense that liberalised trade policies (which are actually meant to bring about economic renewal) have led to the monopolisation of power and wealth by a handful of large-scale capitalists, while the low-cost small-scale entrepreneurs experience severe livelihood challenges. However, my reading of the literature points to a lack of empirical sophistication in exploring the impacts of neoliberalism in diversified economic sectors of a particular economy. Additionally, there would appear to be a need for empirical investigations to recognise the effects of multi-faceted forms of free-market capitalism, that is, both from multi-national and domestic sources. The chapter ends by recommending thorough empirical research that would explore the consequence of neoliberal policies in a single economy but across different economic sectors in different geographical settings.

Chapter 3 offers a summarised discussion of the complex political-economic ideologies of the state of West Bengal that combine distributive justice with neoliberal approaches to achieve economic development. The prolonged phase of economic degeneration and crisis of formal employment made the state's Communist government open up its economy to corporate capital. This chapter focuses on the current conditions in two different small-scale economic sectors -- agriculture and traditional retailing -- which are both significant for WB's economy in terms of GDP and employment generation. Following the basic theme of the thesis that neoliberalism affects various economic sectors in diverse and divisive ways, the chapter examines the existing literature on developing economies with a specific focus on India that have undergone neoliberalisation of agriculture and retailing. It suggests that corporate capitalism in a free-market economy can pose a serious threat to small-scale livelihoods raising questions about the bigger agenda of economic 'development'. It evokes the need for in-depth empirical research to investigate the impacts of ongoing neoliberalisation to understand its significance in a local context.

Chapter 4 provides a detailed account of the research design and methods employed. It also offers a comprehensive impression of two study areas within Bardhaman district as the field research is split across two economic sectors -- agriculture and traditional retailing in a rural area in Memari Block 1, Bardhaman (Memari is now located in Purba Bardhaman) and in the city of Durgapur (now located in Paschim Bardhaman). In this chapter I justify the selection of study areas, my research methods and ethical approaches along with the issues and difficulties I encountered during my fieldwork. The empirical research, conducted between November 2014 and March 2015, involved 73 participants. 36 farmers and 34 traditional retailers participated in this research, sharing their perspectives, opinions and experiences about their livelihood. Three local intermediaries were additionally interviewed for their understanding of the supply chain of agricultural products.

Chapter 5 is based on empirical research in Rukminipur of Memari Block 1 in Bardhaman district. Here I argue that intrinsic infrastructure difficulties are the root cause of socio-economic vulnerability on the part of the resource-poor farmers. On one hand, the lack of scope for agricultural marketing due to the predominance of intermediaries at multiple levels of the supply chain has kept the revenue of the farmers significantly subdued. On the other hand, a lack of institutionalised loans has made the farmers highly dependent on local informal lenders for investment capital. This has turned these lenders into key 'investors' for agricultural production. Subsequently, they take over control of agricultural marketing as the financially deprived farmers repay their investment loans by selling them their farm products. Further intermediaries then add on mark-ups at each level of intermediation. Thus financial dependence and the prevalence of intermediaries has created a situation in which the farmers are no longer capable of extricating themselves on their own. Thus the chapter asks a key question that is developed in Chapter 6: can the incorporation of local farmers into corporate controlled supply chains can resolve their inherent financial and infrastructural difficulties.

Chapter 6 explores the corporatised farming that has become a feature of agriculture in Memari Block 1 through a study of the potato growing venture of PepsiCo India. My findings lead me to argue that local farmers have accepted the corporate contract as a way of ridding themselves of their reliance on informal lending and related financial difficulties. It has enabled the farmers to receive an assured price for their crops in each production cycle and thereby reduce the amount of lost income in the extensive supply chain sidestepping the middlemen and market uncertainties. However, the exposure to corporate capitalism has dented the farmers' individual agency and control over the land by turning them into a proletariat. This raises questions about the state's relationship with corporate capital; it suggests that significant sectors of agriculture dominated by small-scale and marginal farmers risk becoming defenceless in the face of neoliberal expansion, all the more so when the state remains ineffective in providing supportive infrastructure for the agricultural population.

Chapter 7 examines whether the small-scale entrepreneurs who dominate the traditional retail sector are also going through a livelihood crisis following their exposure to free-market capitalism. The chapter identifies the impacts of neoliberalism on different sectors within the small-scale traditional retail sector in Durgapur, a city that has become a significant destination for corporate capitalism by virtue of its thriving middle class. My research splits the analysis into two sections based on occupancy of retail space: on the one hand, established kiranas (mom-and-pop stores) and on the other street vending, each having discrete operational procedures with their own customers. Here I argue that neoliberal capitalism has affected these sectors in a number of ways. The kiranas are mostly affected primarily because of their poor resource base, disadvantageous economies of scale and less than strategic pricing and managerial approaches in comparison to the highly organised well-heeled corporate retailers. The severity of loss of market share is occasionally prompting the kirana owners to look for an alternative source of employment. Despite their struggles the kirana owners have developed certain resilience strategies to retain their middle class customers who are the primary target of corporate retailers. On the other hand, while the big corporations seek to change the retail landscape of the city, the low cost street retailers struggle for their daily existence. The street vendors mostly survive due to the 'calculated informality' of government as the license issuance restrictions do not allow a majority of the urban poor to run legal businesses. They are therefore sandwiched between the license issuance restrictions and certain informal ‘settlements’ with the local administrations and political cadres for ensuring their livelihood. Additionally, their extra-legal existence has made them resented by the tax-paying kirana owners running legal establishments. Thus different low cost livelihoods are extremely vulnerable to dispossession in a ‘progressive’ liberalised economy though in different ways.

Chapter 8 sums up the analysis of the research outcomes. It argues that the expansion of the neoliberal economy leads to livelihood precarity in small-scale sectors. Further, the neoliberal ‘remedy’ of economic development adopted by the state of WB is leading towards a wide scale proletarianisation and dispossession at the cost of sovereignty for petty entrepreneurs that make a living on very limited capital. It argues that the state’s support for the ‘level playing field’ of a free-market liberalised economy fails to prove its effectiveness since the state itself has failed to provide a supportive infrastructure to the small-scale low-cost players.

Chapter 2: Impacts of Neoliberalism on Small-scale Livelihood in a Developing Economy

2.1 Introduction: Neoliberalism, the overall context

The global economy is currently under the prevalent 'hegemony' of neoliberal policies (Harvey, 2007a). In this chapter, I will provide a comprehensive review of the key academic literature on this topic in line with the core theme of the thesis that expansion of neoliberal economies imprint diverse and divisive impacts on the small-scale low-cost livelihoods of individuals in different economic sectors of a developing country. In relation to this, I will explore the literature focussing on the social and economic aftermaths of neoliberal policies on small-scale farming and traditional retailing in developing economies. This will lead to the contextualisation of the issues within the study-area [i.e. the Indian regional state of West Bengal (WB)] where these two activities significantly contribute to the state economy against a complex political-economic backdrop.

Before going into an in-depth analysis of social and economic impacts of neoliberal transformation, it is necessary to have a clear understanding of scholarly perspectives on the new era of global capitalism – from Marxist to subalternist and postcolonialist. Despite the different arguments and disagreements radicals and progressives agree that the spread of capitalism results in some form of subjugation against which there are various forms of resistance. However, the postcolonial critics of imperialism reject the concept of cross-cultural validity (or rather 'universalism') of capitalism as it fails to recognise the local agents and their practices and thereby relegates the role of "real agency" (Chibber, 2013: 64). On the other hand, those who subscribe to a subalternist position reject not only the views of "elite-centred" colonialists (liberals) but also the Marxist narratives of European teleology – in fact the subalternist doctrine challenges those meta-narratives of global capitalism which 'overemphasise' the universalisation of the European experience by overlooking the "history, agency and autonomy of the masses in the third world" (Halperin, 2007: 548). Additionally, postcolonial scholars insist on the importance of ethnicity, religion and gender over class. However, the denial of a class-based approach runs the risk of creating an illusionary image of the third world depicting that it as being free from internal class struggle. In other words, "post-colonial theory and subaltern studies downplay the role of Third World elites in exploiting other classes and in controlling, inhibiting, or preventing development" (Halperin, 2007: 549).

In this chapter, I review both Marxist and subalternist literature to develop a clear understanding of the impacts of advanced capitalism in the context of postcolonial India. Here in this chapter, I discuss the Marxist literature on neoliberalisation to build up a picture of class struggle under the hegemonic expansion of neoliberal capitalism. However, at the same time, I also consider the subaltern literature to understand socio-economic history from the bottom up, that is, to realise the experiences and role of agency in the face of advanced capitalist expansion. This review will help frame the explanations of methodologies used for my empirical research.

A specific contextual literature review of the current conditions of WB will be offered in the following chapter (Chapter 3) to build up a groundwork to empirically explore the impacts of neoliberal transformations on the low-cost livelihood of individuals in the study-area.

In the paragraphs that follow, I lay out a basic framework of the chapter before entering into a more detailed discussion of neoliberalism. The following sections are linked together by one basic argument: that neoliberal policies ultimately end up causing poverty by increasing the number of dispossessed and displaced workers.

Section 2.2 provides a summary review of the geographical literature on neoliberalism. It starts with a discussion of Harvey's concept (2007a, 2004) of accumulation by dispossession. Then it goes on to look at more literature built on Marxist and the neo-Marxist conceptual perspectives of Harvey (2004) and Barnett (2005) that adjudge 'neoliberalism' to be a class-driven agenda implemented by the state and leading towards more extensive capital accumulation.

Section 2.3 and 2.4 discuss the literature that examines the social and economic impacts of neoliberal policy adoption on small-scale farming and traditional retailing. This relates directly to my research, which investigates the impacts of free-market capitalism on low-cost indigenous livelihoods in different segments of a developing economy.

Section 2.3 looks at the works of the scholars from various wings of the social sciences to understand the influence of market principles in the social and economic lives of the small and marginal farmers in a developing economy. First it reviews the works of economists such as Key and Runsten (1999) and Simmons (2002) that advocate the potential of corporatised farming to generate stable income for the financially deprived farmers. It also looks at the empirical works of Reardon et al. (2007) and Reardon and Berdegue (2002) that signify the increasing socio-economic vulnerability of small farmers in profit-driven supply chains of a free-market economy. In later parts of this section, the livelihood issues of small farmers are discussed in terms of power relations, proletarianisation and dispossession. Here it review the conceptual perspective of Marxist philosopher Karl Kautsky (1988) that perceives the majority of agricultural population in a market-oriented economy to be the sellers of 'labour-power' rather than being sellers of farm products. Then it considers the engagement of postcolonial literature such as Young (2004) and Spivak (2000) that underlines the significance of the voice of subalterns which is mostly suppressed under global capitalism. Then it reviews literature on Indian agricultural studies by Gidwani (2001), who argues that capital has the power to create an exploited class to accelerate accumulation. It also focuses on the Marxist views of Watts (1994) which argues that agrarian transformations in a free-market accelerate the 'accumulation' process as the mutual collaboration between influential capitalists and the state shape out the prevailing policies and resources. Next it reviews the works of noted social scientists such as Li (social anthropologist) (2001), Hall (political scientist) (2010, 2011) and Sassen (sociologist) (2013a, 2013b) that argue that neoliberalism eventually expand its functional space at the cost of democratic sovereignty of individuals. To this end, it also explores the works of economic geographer Alex Hughes (2005) who argues that even the 'third way solution' of ethical trade cannot reduce social injustice for the contracted farmers as the corporate firms are always overpowered to influence the 'ethical codes' or 'fairness' agendas.

Section 2.4 reviews the relevant literatures to understand the livelihood impacts on the small-scale traditional retailers in a neoliberalised economy. In the first part, it looks on to the literatures from liberal perspectives [e.g. Tosonboon (2003), Portes (1997)] that defend the potential of neoliberal remedies to revive a developing economy. However, in the later part, a review of the scholarly works of Humphrey (2007), Neven et al (2005) or Kalhan and Franz (2009) explores the argument that the strategic approaches of the large corporate retailers (to reach the broader middle class consumer-base of developing economies) have caused a livelihood threat to the low-cost traditional retailers. Next, it reviews the works of several scholars such as Minten et al. (2010), Faiguenbaum et al., (2002), Dove (2006) who argue that employment crises and displacement of small-scale traditional retailers are the obvious outcomes of free-market capitalism that eventually leads to problems for the low-cost entrepreneurs. The third part of section 2.4 argues that low-cost small-scale retailers pursue their own resilience strategies to survive against 'accumulation' by a group of large corporate firms. It discusses the literatures based on industry reports [such as Hamilton (2003)] as well as social science [such as Humphrey (2007)].

Section 2.5 offers a brief literature review of the common outcomes of neoliberal economies as experienced by low-cost livelihoods and their survival strategies. In sub-section 2.5.1, it focuses on livelihood precarities of resource-poor bread-winners exposed to free market capitalism. It explores work by Butler (2006) that argues that certain socio-political decisions exacerbate the precarity of vulnerable classes. I also explore the works of Rogers and Rogers (1989) and Standing (2011) which see precarity as being generated from unstable labour market conditions as a consequence of the incessant growth of the advanced capitalist economy. In sub-section 2.5.2, I explore the literature on resistance and resilience considering these to be a response from the weak struggling against the elite capitalist power. The chapter then explores Scott's (1986) work on "everyday resistance" which is recognised as a "durable" strategy of self-defence. It also examines the arguments on resilience put forwards by Katz (2004) and DeVerteuil (2015). It argues that resilience is a rational and proactive strategy for survival based on autonomous effort that strengthens adaptive capabilities. Lastly, it looks into critical reviews of the concept of resilience (Cretney, 2014; MacKinnon and Derickson, 2013) which argue that resilience indirectly leads to a continuation of existing hegemonic systems.

Section 2.6 provides a general conclusion about the implication of neoliberal policies on various low-cost economic sectors of a developing economy along with the identification of gaps in the existing literature. It will help to determine the methodologies and procedures of the empirical work to be conducted in the Indian regional state of WB in the rest of the thesis.

2.2 Making sense of neoliberalism

"Neoliberalism is a theory of political economic practices proposing that human well-being can best be advanced by the maximisation of entrepreneurial freedoms within an institutional framework characterised by private property rights, individual liberty, unencumbered markets, and free trade" (Harvey, 2007a:22). The impression/intention of neoliberalism to create 'well-being' has been criticised at times from different ideological perspectives. Critics argue that neoliberal policies and practices have often deviated from its 'theoretical template' (Ferguson, 2010; Harvey, 2007a). The instance of insistent adoption of neoliberal policies in various countries is a common trend today which is supposedly steered from Washington, New York and London (specifically the UK and USA) (Harvey, 2007a; 2007b). Harvey (2007a) contends that neoliberalism has either been adopted as a "utopian project", intended to rearrange 'global capitalism', or as a political scheme that was meant for regeneration of 'capital accumulation'. This has created a persistent difficulty of 'over-accumulation' of power and wealth essentially at the expense of the dispossession of the indigenous set-up (Harvey, 2004).

Following the conceptual perspective of neo-Marxist Gramscian state theory, neoliberalism can also be explained as “a new variant of a class-driven project of state restructuring in the interests of free-markets and expanded accumulation” (Barnett, 2005:8). Thus it is a part of the global capitalist development that leads to the consolidation of ‘privatised control over resources’ at the cost of dispossession of the original producers—what Marxist analysis called to be ‘primitive accumulation’ (Glassman, 2006). ‘Primitive accumulation’ thus can be related to the contemporary postcolonial neoliberalisation that leads to obvious class struggles between the possessor and dispossessed.

Neoliberalism is thus an agenda comprised of policies and governance arrangements that promote privatisation and liberalisation of markets creating an intensely competitive environment and sustained by a recognised institutional set-up (Barnett, 2005; Harvey, 2007a; Harvey, 2007b). Thus the objective of those pursuing neoliberal policies is to have public values dominated by those of the market. It signifies the strategic articulation of the logic of capitalism with the help of political decisions and ‘directive’ ideologies. Therefore, neoliberalism is recognised as a “hegemonic project” that directly combines politics and economic interests (Clarke, 2004: cited in Barnett, 2005).

Although politically neoliberalism demands reduced state interventions in certain activities (specifically in the provision of social services and controlling restraints on corporate activities), it is important to recognise the role of the state in implementing neoliberal policies. The role of the state can range from relatively indirect (e.g. negotiated approaches of trade representatives to advocate certain policies) to full privatisation of the entire economy through debt structuration (Peck, 2004). Therefore, despite the clear understanding of the basic doctrines of neoliberalism, it is not so easy to understand the processes that neoliberalise the space, economies and societies (Peck, 2004).

In spite of being “free” from state’s interference, neoliberalism essentially involves “the deployments of new, market-based techniques of government within the terrain of state itself” (Ferguson, 2010:172). The state has to guarantee the creation and upkeep of the required institutional framework that would support such practices. Along with the assurance of ‘quality’ and ‘integrity’ of money, it is also the responsibility of the state to secure a proper functioning of ‘markets’ by ensuring an organised defence, administration and legal set-up that would support “private property rights” (even by “force”, if required). In the absence of ‘markets’, the state must create them (Harvey, 2007b:2). However, once the ‘market’ is created the state’s interference is reduced to the minimum as theoretically the state is not supposed to “possess enough information to second-guess market signals (prices) and because powerful interest groups will inevitably distort and bias state interventions (particularly in democracies) for their own benefit” (Harvey, 2007b:2).

The market is the central focus in the entire concept. The basic ideology of neoliberalism determines that a market (without all restraints) can potentially serve the economic needs along with the optimum utilisation of economic resources and creation of “full employment” (Shaikh, 2004:42). Therefore, the ‘religion’ of neoliberalism incorporates two basic commitments– market expansion and rational competitiveness which strongly forfend the concept of Keynesian strategy (i.e. higher government expenditure and lower taxes can save the economy from recession by augmenting the collective demand) (Peck and Tickell, 2002). However, the fulfilment of such ‘commitments’ ironically involves skilful “(mis)use of state power”, despite the rhetorical ‘anti-statist’ ideology of neoliberalism (Peck and Tickell, 2002:381).

Apart from combining political and economic interests, neoliberalism intensely carves out the cultural set-up in production by confirming the diversity through variegated commodification. Murphy et al. (1989) found the heart of this new commodification/consumerism specifically in the developing world, where the aspiring middle class is increasingly willing to pay higher prices to own new status goods. Anthropologists Comaroff and Comaroff (2000:334) perceive all the “enigmatic features” of society and the economy --be it “allegorical transfiguration of the nation-state” or “enchantments” of daily life or “apotheosis of consumption” -- to be the outcome of this ‘millennial capitalism’ and neoliberal transformations. Comaroff and Comaroff (2000:299) argue that in this era of ‘millennial capitalism’, consumption has taken the advantageous position for “the fabrication of self and society, of culture and identity” and thus has altered the status of work. Therefore, in other words, the production of social identities is highly predisposed by ‘consumption practices’. Thus neoliberalism complexly interconnects the “experience, perception, and expression of difference constructed through historical and ongoing patterns of oppression (based on, for example, gender, class, race, and ethnicity)” (Perreault and Martin, 2005:193).

Gough (2002:411) perceives neoliberalism to be a “strategy for shifting value relations and political balance of forces and hence imposing capital’s discipline on the working class and oppressed groups”. Considering the vastness and complexity of neoliberal processes, Perreault and Martin (2005) advocate that the analytical focus of aftermaths of neoliberalism should be undertaken at the localised scale as far as the understandings of class configurations, ideologies, interests and practices are concerned. However, the localised analysis would only be expressively relevant as far as it is analysed in line with the generalised ideologies, policies and practices as neoliberalism is a “multiple and locally experienced process” (Perreault and Martin, 2005:194). It is, indeed, a part of a vast global process “constituted through local and household dynamics” and involves shifting livelihood strategies of the inhabitants of the area that experiences structural reforms (Oberhauser and Hanson, 2007:31).

Brenner and Theodore (2002) emphasise that neoliberalism is a 'multiscalar' geoeconomic and geopolitical venture that potentially shapes out space by reproducing and escalating the development disparities within and between spaces (their focus was specifically on an urban context though). The recent anthropological practice perceives neoliberalism to be an external "abstract casual force" that annihilates local livelihoods (Ferguson, 2010:171).

Neoliberalism, therefore, is a part of 'global capitalism' the effects of which can be realised locally. This research intends to understand the extent of effectiveness of neoliberal policies in shaping the local livelihoods as the people surviving on small-scale and marginal livelihoods are usually most vulnerable in the face of 'over-accumulation' of influential capitalist power. In the following sections (2.3 and 2.4), therefore, I will bring out the contradictions and possibilities of free-marketing policies in shaping the livelihoods of low-cost small-scale agricultural and traditional retail sectors. It will help to understand the impacts of such policies in different economic sectors.

2.3 Impacts of neoliberalism on small and marginal scale farming

This section focuses on understanding the implications of the restructuring of the farming sector in neoliberalised developing economies. In this introductory sub-section, I discuss the farming process of commercialisation under privatised investments as reflected in the literature by Reardon et al. (2009). It argues that the pattern of conventional agriculture (especially food production) has changed because of global consumerism which has altered the tastes and preferences of the population [as found in the works of Schor (1999) and McMichael (2000)].

Neoliberal approaches in agriculture are underpinned by different schemes that may vary from 'going abroad' strategies to harnessing local farm products for domestic use by any multi-national or domestic corporate firm. Gradual relaxation of cross-country legal barriers, through neoliberal strategies often invoking huge foreign investments (especially in developing countries) has brought a radical structural transformation of the retail sector and integrated processing system. The entire process has occurred in two distinctive phases. The first phase of transformation (1950s to early 1980s) involved government initiatives for the "modernisation" of public sector-driven food sector (and is often labelled as the "pre-liberalisation/pre-globalisation") followed by a phase of "liberalisation/globalisation" (since the early 1980s to today) when the nature of food trade has been altered significantly backed by new liberalised trade laws and advanced logistics/management systems (Reardon et al., 2009:1717).

Thus neoliberalisation in agriculture has now become an inseparable part of the 'development' process, the entire process being backed by the "new consumerism" of the rising global middle class (Schor, 1999, also discussed in section 2.2). This trend has been found to have an explicit influence on the food and grocery sector, significantly transforming the prevalent agricultural system to such an extent that today "food is as much a force to be reckoned with as is money" (McMichael, 2000:17). It, therefore, indicates the basic issue of 'accumulation' under irresistible capitalist expansion (as discussed in section 2.2) also in the agricultural sector.

In the following sub-sections (under section 2.3), therefore, I will discuss how neoliberal approaches have been incorporated in the agricultural sector of the developing world challenging the endurance capacity of the small/marginal farmers (as in most cases they are found to be excluded from the corporate supply chains due to some definite practical 'limitations'). Moreover, increasing poverty of the small-scale operators and imbalance in power relations have questioned the prevalence of deregulated privatisation and free-marketing. Examples have been documented in a number of scholarly works (discussed in the next sub-sections) which argue about the uncertain future of local small/marginal farmers of an agro-based developing economy given exposure to neoliberal policies at the national or international levels.

2.3.1 Financing Farmers: Problems and Difficulties

A thorough review of literature in this sub-section suggests that neoliberalism in agriculture is not all about vulnerability of socio-economic deprivation of small farmers in a capitalist environment. It looks at the empirical observations of Mosse et al. (2002), Shylendra and Thomas (1996), Iqbal et al. (2003) etc. which suggest that the perennial dearth of economic resources and limited accessibility to formal credit are the major constraints faced by the small and marginal farmers in the developing world (with a special focus on Indian context). Therefore, it explores the liberal viewpoints of the scholars like Goldsmith (1985) and Kennedy (1994) who have argued that liberalised markets can be helpful for farmers to overcome economic difficulties. The section also looks at the works of Glover and Kusterer (1990), Runsten (1992), Simmons (2002), Masakure and Henson (2005) which suggest that neoliberal approaches in agriculture produce 'advantageous' economic outcomes in terms of income benefits, easy access to production credits, technical support etc. Such arguments signify the functional apropriateness of neoliberal policies to 'improve' local livelihoods.

In the later part of this sub-section, these arguments are critically challenged as numerous scholarly works [such as Carter and Mesbah (1993), Dolan and Humphrey (2000), Berdegue et al. (2005) and Reardon et al. (2007)] suggest that financial 'gains' can only be concentrated among a handful of farmers who are financially, managerially and technologically competent to satisfy the expectations of a corporate-driven supply chain with lower transaction costs. To its end, the argument of Hayami and Otsuka (1993) articulates that the higher transaction costs of small farmers in unorganised labour markets of developing economies usually create underemployment and labour-exploitation by the corporate firms. This initiates a further argument (continued in sub-section 2.3.2) that questions the ethos of the neoliberal economy where labour is treated as a saleable commodity to fulfil the ambitions of large capitalist firms.

The financial deprivation of small farmers in developing economies has been documented in a number of scholarly literature which suggest that there are rarely any remedies to overcome such situations other than adopting contractual agreements. An empirical study in the western part of India shows that the economic condition of the small farmers (and landless labourers) was so poor that only 12-20% of rural households could depend entirely on farming activities to support their families during the 1980s (Mosse et al., 2002). In rural Madhya Pradesh (India) about 76% of households and 44% of the workforce migrated for supplementary jobs, as agriculture could not provide the minimum livelihood requirements (Shylendra and Thomas, 1996). At times the intense financial crisis of the Indian farmers makes them adopt 'hierarchical options' to repay debts which are often taken out at very high interest rates (Mosse et al., 1997). First, they sell the agricultural surpluses (if any) or opt for cash crops to raise money. Then, some of the family members manage to migrate to urban areas to become labourers at construction sites. If these jobs are not sufficient to repay the loans, they even mortgage or sell their assets, which might range from silver trinkets to livestock (i.e. chickens/goats/bulls). The burdens of loans were so high that many of the tribal families in western India had to leave their villages by selling their lands which were the only source of household income (Mosse et al., 1997).

The ongoing technological changes over the years have increased the demands for investment capital and thereby the propensity to obtain agricultural credit has also increased in developing countries, but the access of small farmers to the institutionalised credit remains limited [as observed by Adams (1971) in Latin American countries; Tolentino (1988) in Philippines; Iqbal et al. (2003) in

Pakistan; Vasavi (2010) in India]. Even in the case of the availability of institutional loans, poor farmers in a developing economy usually opt for informal lending to avoid the processing time and paperwork, along with providing collateral and credit histories etc. (Gudger and Barker, 1993; also empirically observed in India by Sidhu and Gill, 2006). Interest rates of Indian institutional loans seem to be ‘high’ even after governmental efforts to introduce interest subventions (i.e. provision of short-term credits at subsidised interest rates) in agricultural credit as it involves transaction costs at different stages of the supply chain (such as warehousing, cold storage etc.) which do not enjoy interest subventions. Therefore, it becomes ‘costly’ for the poor farmers (Subbarao, 2012). The lower rate of transaction costs of informal borrowings (and ‘easy’ loan procedures) usually forces a borrower to approach the informal lenders in spite of their exploitative interest rates (Kumar et al., 2007). In India, a considerable proportion of the small and marginal farmers (more than 35% and 60% respectively) is heavily dependent on informal sources due to the lack of working capital (NSS Data, 2014).

Even after intense governmental efforts to increase rural branch expansion programmes (through ‘multi-agency approach’ incorporating commercial banks, Rural Regional Banks and cooperatives) the outreach of formal agricultural credit is yet to cover a considerable part of the farming community. Rather, the average demand-supply gap in formal agricultural credit has widened over the years; e.g. from 4% in 2002-03 to 25.8% in 2006-07 and 33.1% in 2007-08 [Handbook of Statistics on Indian Economy, RBI (2010–11): cited in Subbarao (2012)]. Innovative government initiatives like the Kisan Credit Card (KCC) (‘Kisan’ means farmer in Hindi) to provide production credit of farmers in a “timely and hassle-free manner” was introduced irrespective of the farm size of the borrowers (even the share-croppers and tenant farmers are eligible to avail KCC facilities) (NABARD, 2015). But regional discrepancies and skewed distribution of KCC issuance and access of KCC facilities (biased around farm size) could not change the picture (Singh and Sekhon, 2005; Kumar et al., 2007). All these factors have increased the importance of informal moneylending to such an extent that the power of informal moneylenders can weaken the role of village cooperatives (or any other commercial banks) through several silent and ‘venal’ settlements (such as bribery) especially with co-operative officials (Harriss, 1982; Ghatak, 1983). These were empirical studies of the 1980s; but the situation has not changed much even in the 21st century. Mohan Rao’s (2004) work in the Indian state of Andhra Pradesh suggests that the dominance of private moneylenders (due to significantly lower share of bank credit) in economically backward regions was so high that, in most cases, accumulated amount of loans worsened the socio-economic conditions of small/marginal farmers. Increasing pressure from the moneylenders, along with some unavoidable difficulties such as crop failure or poor use of costly inputs (e.g. fertilisers etc.) by the untrained farmers, has also created psychological stress ultimately causing a number of farmers' suicides (Mohan Rao, 2004).

In such a condition, the production of market-oriented crops under corporate contracts can increase small farmers' income as the contractors provide required farm inputs along with upgraded access to credit facilities (Key and Runsten, 1999; Simmons, 2002). The continuous monitoring of input usage and security over crop-management decisions by the contractors, ultimately assures the repayment of loans (Simmons, 2002). Additionally, as the contracted farmers are contracted to sell their products to the contractors only, the cash advances made to them can easily be repaid through 'post-harvest cash settlements' (Key and Runsten, 1999).

The liberal viewpoint advocates that neoliberal approaches in the agricultural sector are advantageous leading to 'improved' socio-economic conditions of the small and marginalised farmers. Glover (1994) argues that the small farmers have a latent efficiency to achieve higher monetary returns by switching over to commercial farming from their conventional subsistence-based farming practices. The adoption of a diversified cropping pattern and cultivation of 'high value' products, helps them to earn more with further profit opportunities (Kennedy, 1994). Goldsmith (1985) identified that one of the main factors behind the higher income of contracted farmers is better access to markets [the attainment of 'size economies' by retailers/agro-business firms allow small farmers to access international markets which appear to be much more attractive (for the high value crops) than the 'local spot markets'].

This concept has later been supported by a number of other scholars whose case studies have defended neoliberal strategies to solve the economic crisis faced by unprivileged farmers. The higher profitability of farmers is usually generated at an 'operational level' within the contract itself (Simmons, 2002). Access to international trade by local farmers (as a consequence of contract farming) has been documented by a number of empirical case studies demonstrating a significant income hike among the small farmers [e.g. in Mexico (Runsten, 1992) and other Central American countries (Glover and Kusterer, 1990)].

Next I will explore some instances in India where it has been argued that neoliberal approaches in farming have improved the economic stability of poor farmers. Erappa (2008) for the state of Karnataka argues that the corporate contracts keep them engaged year-long (as gherkin is grown in any season) generating a steady source of income. Moreover, the family members of the contracted farmers (whether landholders or landless labourer) were also provided with employment openings in many cases. The empirical research of Khan et al. (2012) in the state of Uttar Pradesh (India) suggests that corporate firms produce an economic advantage for the farmers simultaneously inducing a socio-economic growth into the surrounding area since the contracted vegetable growers from 'deprived' and 'unprivileged' groups (most of whom were either small or marginal farmers or even landless people) experienced job security throughout the year. Agricultural economists like Masakure and Henson (2005) perceive contract farming as an opportunity for small farmers to enhance their technological knowledge and 'stability'. These observations justify the concept of 'utopian' solutions of the free-market economy that can potentially generate full employment conditions through the best utilisation of available resources (as proposed by Shaikh, 2004: discussed earlier). But the crucial question is how far the incorporation of small and marginal farmers is feasible in a capitalist set-up where the potential profitability might be at stake because of high transaction costs and disadvantageous economies of small-scale farmers. In fact, the preponderance of scale economies in the farming sector is hypothesised to be the result of some unavoidable requirements for 'lumpy investments' (like advanced machineries etc.) or the demand for functioning capital to sidestep market imperfections (Eastwood et al., 2010). Some scholars (e.g. Eswaran and Kotwal, 1986) have noted the importance of functioning/working capital as one of the primary constraints for the smallholders due to their 'inefficiency' in raising capital if their collateral security is not changed somehow. Therefore, the financial constraints of small farmers make it difficult for them to fit into a liberalised market economy along with upgrading themselves with the latest technologies.

Empirical studies suggest that large farmers are usually preferred by profit-oriented firms to maintain their quality standards and food security with lower transaction costs. For example, the sourcing from small farmers in the fruit packing industry (mainly for export firms) is as low as 10-15% in Chile (Carter and Mesbah, 1993) while the percentage is about 18% in Kenya (Dolan and Humphrey, 2000). The supermarket-driven sourcing channels show the same trend in Guatemala (Berdegue et al.., 2005) and Mexico (Reardon et al., 2007). The exclusion of small farmers has been found in the processing sector also; e.g. the failure of small dairy farmers to meet the demand for high quality pasteurised milk, left them out of the supply chain in Latin American countries (Reardon and Berdegue, 2002). The apprehension over the same issue is quite logical in the context of the study area, as the agricultural sector of Bardhaman district (WB, India) is characterised by a pre-eminent existence of both large and small farms (Rogaly, 1997).

Eswaran and Kotwal (1986) argue that transaction costs can be lowered by employing small farmers, as the family labour of smallholders is generally found to be cheaper and more productive than the expensive hired labour of their larger counterparts. Small farmers can be preferred if they can show the capability to reduce transaction costs by establishing ‘effective’ marketing cooperatives (Reardon et al., 2009). Empirical evidence can be found in India itself where the formation of Mahagrapes (an export-firm run in partnership of 16 grape-grower co-operatives in Maharashtra) helped small farmers to gain economic success (Bakshi et al., 2006). However, the effective formation of such small farmers’ co-operatives is often dependent on the initiatives of the contracting firm itself. Moreover, as grapes are high-end products in the world market, it can be expected to bring rewarding profitable returns for the export firm. But how far will such an initiative be applicable in an area where the major agro-products are not of that much high demand in international markets? For example, to what extent will the paddy growers (specifically the small and marginal ones who mainly grow low or medium quality non-basmati grains) of Bardhaman district in WB, India, be able to set up such an export firm with limited monetary strength? In addition, running an export firm and its methodical operations require strong managerial competence which many rarely have. The vigorous attempts and ‘economic success’ of small farmers from Mahagrapes seems to be an ideal endeavour which is very difficult to be universally executed in practice.

Additionally, the provision of technical support or market information from the contracting corporates is not enough to solve the problem of financial insecurity of small farmers in developing countries (Hayami and Otsuka, 1993). High transaction costs for supervision, training and co-ordination of financially and technologically ‘backward’ farmers outweigh the relative advantages of cheap family labour. It eventually leads to severe employment crisis keeping them out of the procurement processes of commodity networks of the profit-making firms. Hayami and Otsuka (1993) emphasised that high transaction costs and related labour market inadequacies in developing countries, often cause engagement of ‘underemployed’ family labourers frequently leading to further exploitative affairs. This leads to a further controversy questioning the basic ideology of corporate contracts that eventually create a group of effective “development peons” with tight control over the subservient class of small farmers (Payer, 1980). A thorough review of the literature suggests that the dominance of capitalist power is an inevitable consequence of such ‘development’ processes leading towards downward social mobility of the small or marginal farmers. The following sub-section, therefore, flags up the issues of proletarianisation and loss of sovereignty (both economic and social) that have become a significant research topic in the contemporary literature.

2.3.2 Proletarianisation to dispossession: A continuous struggle for farmers

2.3.2.1 **Proletarianisation of original producers**

This sub-section is about downward social mobility of the agricultural workforce that indicates the difficulties faced by the small farmers under a neoliberal regime. The discussion starts with Marxist author Kautsky's seminal argument that in a capitalist regime, the agricultural producers turn into the suppliers of 'labour power' rather than being supplier of foodstuffs. The argument continues in the more recent context of late 20th century capitalism (neoliberalism). It explores the significant works of Porter and Phillips-Howard (1997) and Akram-Lodhi (2007) that discuss the loss of autonomy of individual farmers when under corporate control. Here, I review the postcolonial literature [such as Young (2004), Spivak (2000)] that signifies the importance of voice of 'subalterns' (later explained) or marginalised class who are usually supressed in this era of global capitalism. It explores the work of post-colonial critic Gidwani (2001) who argues that capital creates 'subjects' to serve its own purpose and thus the peasants become "farm servants". This part of the section also confers that the weaker financial status exposes the farmers to further socio-economic vulnerability as their weak voice make them more "controllable" by corporate power [as found in the works of Cordon et al. (2004); Milicevic et al. (1998); Miyata et al. (2009) and Minten et al. (2009)]. At the end, the sub-section discusses the significance of imbalanced power-relations under neoliberal domination (discussion continues in the following sub-section 2.3.2.2).

In the context of the commercial transformation of agricultural sector, Marxist author Kautsky (1988:173) argued that the "majority of the agricultural population no longer appear on the market for commodities as *sellers of foodstuffs*, but as sellers of *labour-power*, and buyers of *foodstuffs*." This was one of the pivotal arguments on 'proletarianisation' of agricultural workforce that has been followed since. According to political economists like Akram-Lodhi (2007:1437), the "commodification of rural labour" is actually the other face of "widespread semi-proletarianisation". The dominance of the neoliberal market indeed reflects a widespread practise of "unequal power relationship" in developing agricultural economies (Key and Runsten, 1999). The empirical instances (Glover, 1987; Porter and Phillips-Howard, 1997) of oppressive and manipulative nature of farming contracts (both legally and strategically) involve the subjugated status of the contracted farmers reminding us of the 'culture' of oppression and exploitation of the working class in a neoliberal regime [as argued by Perreault and Martin (2005): discussed earlier].

The review of the academic literature on free-market capitalism basically portrays a depressing picture of unrestricted oppression by the financially powerful class (precisely corporatist power). It replicates the tenets of economic exploitation of mercantile imperialism in the colonial past. In the words of Smith (2000:126) -- "in reality the same wealth confiscation went on, deeply buried within complex systems of monopolies and unequal trade hiding under the cover of free trade". This new era of global capitalism can be considered as an extended synonym of "neo-colonialism" (as referred by Che Guevera in his speech at Afro-Asian Conference in Algeria in 1965: cited in Nandi, 2012:21). Therefore, an insightful analysis is very much needed from the perspectives of the newly 'colonised' subaltern people who are politically decolonised in reality. Following the argument of Young (2004), for my empirical research, I look at the aftermaths of free-market capitalism also from the anti-capitalist perspective rather than assessing the ongoing transformation from the viewpoints of the large corporations.

A significant section of the postcolonial literature has a heavy inclination on exploring the positionality of the 'underclass' or the 'marginal' (i.e. socio-economically underprivileged and poverty-stricken). I consider the postcolonial criticism on 'marginality' or subalterns[1] in the context of my research on low-cost livelihoods in neoliberalised India as both the ideologies of neoliberalism and anti-neoliberalism tend to justify their standpoints through their "emancipatory effects" on the marginal people of the economy (Nandi, 2012:11). Spivak (2000:326), one of the most influential postcolonial critics, signifies the importance of the subalterns in the contemporary era of global capitalism as they are "no longer cut off from lines of access to the centre. The centre as represented by the Bretton Woods agencies and the World Trade Centre, is altogether interested in the rural and indigenous subaltern". Spivak considered the colonisation of 'indigenous subalterns' from the perspective of intellectual property rights as far as genome engineering or biopiracy are concerned. However, this view can be widely accepted in context of any kind of agrarian transformation through large corporations which are engaged in extracting profit at the cost of indigenous physical and human resources. A good range of empirical studies suggests that the submissiveness of the working class has become a familiar story across the developing world (explored in the following sub-section). It is most common that waged workers lose autonomy under the employers' centralised control system (Currie and Ray, 1986; Colchao, 1999). The practice of supremacy of the contracting firms is habitually so strong that they often tend to recruit the small farmers because of their "controllable" attributes (Cordon et al., 2004; Milicevic et al., 1998). In this context, I look into the works of eminent scholar Vinay Gidwani who make us rethink about the

[1] The term was first coined by Gramsci that gave rise to the study of those underclass people who could not even be covered by 'proletariat' (Spivak, 2000).

Marxist philosophy of power and hegemony through the ambitious engagement of postcolonial perceptions (with specific reference to agricultural studies). Gidwani (2008) argues that capital creates 'subjects' to make them serve its supposed demands. On the tracts of Green Revolution in India, Gidwani (2001:66) finds that the expansion of cultivation of capital-oriented modern crop varieties has increased the demands for "farm servants" to fulfil the requirement of timely completion of production cycles (of modern varieties of crops). Therefore, offering of "secure wages" along with "premiums in the form of low-interest loans" have created a group of "risk-averse" subdued workers who would otherwise have been going through financial struggles and credit shortages (Gidwani, 2008:66). Despite the financial and technological shortcomings of small farmers, in certain cases the large farmers are strategically avoided as the higher market opportunities (e.g. in global sourcing) make the larger ones less controllable and further riskier; such evidences are prominent among the vegetable growers of Morocco (Cordon et al., 2004) and tomato growers of Chile (Milicevic et al., 1998). Such exceptions are specifically seen when the big corporate firms consider the socio-economically vulnerable small farmers as more "controllable", with lesser risks to serve their demands [as happened in Madagascar (Minten et al., 2009) and China (Miyata et al., 2009)]. This raises a serious question about the voice of the "controllable" farmers against such difficult contractual terms.

Such analyses, in fact, suggest the hegemonic significance of power. The greater the financial, political and social strength, the lower will be the possibility of facing oppression. This is the reason why the large-scale producers are mostly in favourable positions from the standpoints of corporate contracts [as Murray (1997) reports from his Chilean case study]. Additionally, complicity between the influential agribusiness/retail firms and the government at the macroeconomic level can influence the prevailing policies and available state-owned resources which can often turn out to be unfavourable for the contracted farmers (Watts, 1994).

This indicates that power is mainly concentrated in the hands of the large-scale capitalists who can potentially control the social and economic outcomes of the proletarians in a direct or indirect way. Therefore, in the next sub-section (2.3.2.2), I will discuss how these power relations operate within a neoliberal set-up.

2.3.2.2 **The Importance of Power Relations**

In this sub-section, I will discuss how neoliberal capitalism practises its control over the contracted farmers. It discusses the literature by Murray (1997) and Vermeulen and Cotula (2010) to argue that the financially deprived farmers hardly have any bargaining power. In this sub-section, I explore the key argument [as advocated by Murray (1997), Chouan (2013), Singh (2010)] that neoliberal policies lead to the exercise of 'absolutism' by the capitalists at the cost of ignorance and financial dependence of the contracted farmers. Next, it explores Gidwani's empirical research in rural Gujarat (2002) which argues that despite all livelihood challenges 'development' can potentially alter the power structure as the weaker might achieve 'freedom' through introduction of new resources (canal irrigation in this case). However, this concept has been challenged with the help of other academic literature (Katz, 1991) which documented the oppression of poor farmers in Sudan despite acquiring certain resources (such as knowledge). The review of the works of Ariza-Montobbio and Lele (2010) and Ghosh and Thorat (2003) suggest that suppression of the farmers becomes severe to such extent that attempts to raise concerns might cause the termination of contracts eventually threatening their economic and social existence. At the end of this section, I reflect that the autocracy of giant capitalist firms is also reproduced through corporate land grab that ultimately causes displacement and dispossession of the original producers. This issue will be discussed in the following sub-section (2.3.2.3), with reference to the key literature on this issue.

In this section, I argue that financial weaknesses have kept the farmers 'submissive' under neoliberal domination. In most of the cases, the poor small farmers are often desperately reliant on contract crops (as they invest for some particular assets or cropping pattern in the expectation of higher economic return) (Watts, 1994). The 'monopsony' condition (i.e. dependence on a single buyer) of farmers puts them strategically at a further disadvantageous position to bargain with the firms, having to accept the 'exploitative' terms/conditions (Vermeulen and Cotula, 2010). "This diminutive bargaining power is compounded by the fact that, unlike their larger counterparts, small growers do not have the option of marketing their produce in alternative ways" (Murray, 1997:53). Glover and Kusterer (1990) and Grosh (1994) argue (on the basis of empirical studies in Latin America and Africa respectively) that the contracting firms often overcharge for their services, make delayed payments and do not even bother to explain their pricing policies to the farmers. Often the pricing policies are suddenly altered without informing or clarifying anything to the producers [as Chouan (2013) found in Brazil]. Once again, the financially weaker party is found to be weaker from the social perspective, having little or no power to defend themselves from any exploitative strategies. The inconsistency in the pricing of the farmers' products makes them economically more vulnerable and evidently, small farmers are the most affected ones without any favourable financial or social support. Murray (1997) argues that the altered relations have helped the corporate firms to pass on a considerable share of the operational costs by maintaining their profit margins even during any market upheavals. Murray's study (1997:53) among the Chilean fruit growers suggests that "an imbalance in power relations, embodied and legalised within the market through the contract system, has prevented the small-scale sector from realising its full economic potential", ultimately reproducing negative effects on the society as a whole.

In many cases the resource-poor farmers in developing economies are incorporated in corporate value chains for the timely completion of the production cycles of labour-intensive crops turning them into 'farm servants' (discussed in sub-section 2.3.2.1). The standpoint of new institutional Economics (NIE[2]) suggests that such a situation (irrespective of the underlying social surroundings) can lead to the persuasion of "mutually beneficial" contracts both for the employers and workers (cited in: Gidwani, 2008:66). However, Marxist scholars such as Brass (1986:51) perceived this apparent "bargaining power" of the farmers to be ephemeral as "capital attempts to shift the balance of work-place power in its own direction" by restricting their mobility – often "converting free labour into unfree labour" (e.g. by instating debt bondage for the financially distressed people).

The evidence is plentiful in the developing world. Singh's research (2002) in the Indian Punjab on commercial farming under the giant consumerist multi-national Pepsi Food Limited (PFL) reflects a characteristic dominance of capitalist expansion which make the weaker party (contracted farmers) suffer in front of contractual agreements weighted against them. The contractors hold the sole right of the contracted crop (from seeds to plants). The agreements were so rigid that farmers were legally responsible to pay PFL even if they faced crop failures due to natural calamities, while PFL had every 'right' to terminate the contract as an immediate action. Instead, the contract-terms should not only be "transparent" and revised independently, but also require "wide publicity" to enhance the competition and "must" cover the insurance component to reduce the economic uncertainties due to crop failures (Singh, 2010:12). Principally, a healthy contract must "ensure market for the farmers produce at better price" as in most cases, farmers suffer from insecurity of crop refusal and resultant economic loss (sometimes without any explanation) and have little scope to bargain with the contractor (Singh, 2010:12). This indicates the effortless hegemony of consumerist free-marketing activities producing little or no 'voice' for working class.

The anxiety of insecurity of the contracted gherkin producers (especially the smaller ones) in Karnataka (India) made them demand intervention from private insurance companies as a 'liaison

[2] NIE is an economic perspective that extends economics by paying attention to the social and constitutional rules (which are institutions) that underlie economic activities and analysis beyond earlier institutional economics and neoclassical economics

authority' (between corporate firms and farmers) that can play the role of 'facilitator' and 'guarantor' in case of crop failure (Erappa, 2008). Even the voice of the farmers of rural Tamil Nadu (who were engaged on a temporary basis) could not generate any support from the government; rather they were 'dropped' very easily in certain cases (Ariza-Montobbio and Lele, 2010).

Such examples suggest that the strategic practice of corporate power treats labour as some sort of purchasable commodity to fulfil their target of profit maximisation. It seems as if the practice has become so severely imbibed in a developing liberal economic environment (as exemplified) that the government always maintains an indifferent standpoint even when the socio-economic security of a susceptible group of workers is at risk.

At the same time, it cannot be overlooked that upon neoliberalisation, the agricultural sector came across new machineries and farm inputs along with certain expertise and technical know-how. From the perspectives of moral Geography, post-colonialist scholar Gidwani (2002) argues that certain 'development' outcomes can endow the poorer section with 'freedom'. Introduction of new (advanced) resources can potentially alter the prevailing power structure by curbing the dominance of the 'local elites'. For example, widespread access to the canal irrigation facilities opened up newer income opportunities for the local poor in rural areas of the Indian regional state of Gujarat and also led to the faded supremacy of the upper caste landowners (Gidwani, 2002). This is an example of altered power structure in a caste-sensitive rural area where the dominance of higher caste was challenged by the lower caste farmers due to their better access to water resources. However, such outcomes seem to be quite condition-specific over spatial and temporal spectrum, also depends significantly on the types of resources. For example, Katz's study in rural Sudan (1991) indicates that despite the access to abstract resources (such as knowledge on agriculture, animal husbandry etc.) the agricultural projects under 'state capitalism' changed the relationship between indigenous people and physical resources (specifically land) turning the peasants into subjugated tenants. Additionally, it also increased the demand for child labour eventually leading towards deskilling the peasant community.

Thus in most of the cases, the ultimate choice of the farmers is turning into "agricultural labourers on a piece work wage" with certain imposed terms and conditions (Clapp, 1988:10). In Andhra Pradesh, India, Ghosh and Thorat (2003:27) observed that the severity of corporate dominance threatens even the social existence of the farmers (specifically the small/marginal ones). Original farmers who used to till their own lands were "driven out from their profession" (only a few could manage to get employed by corporate firms) and turned into "hired labourers". Likewise, they lost the advantages they used to get out of mixed farming along, losing the opportunities of other supplementary occupations such as dairying with the crop residues. The very existence of farmers was threatened in such a way that even if the hired or displaced farmers tried to collect some negligible by-products for fodder (e.g. leaves of cauliflower plants) they were accused of “theft” on their own piece of land (Ghosh and Thorat, 2003).

This indicates the crisis of social recognition of financially weaker individuals under corporate control. The entire transformation is, therefore, not only restricted to the issue of proletarianisation, the effects extend to dispossession of livelihood along with losing sovereignty and self-identity of the farmers. These issues will be further explored through the findings of my empirical research later in Chapters 5 and 6. In the following sub-section, I will discuss this issue as reflected in the available literatures.

2.3.2.3 **Dispossession and Displacement**

This sub-section outlines the crises of dispossession and displacement faced by hired workers in an advanced capitalist set-up under a neoliberal regime. Following the scholarly literature by Ariza-Montobbio and Lele (2010), Hall (2011) and Ghosh and Thorat (2003), the sub-section argues that corporate domination on the land of small farmers eventually makes the original owner lose his/her control over it. It also looks at the works of social anthropologist Li (2007) who indicts the corporate land grab for hampering the social and psychological stability of farmers. Through the review of Levien’s works (2012), it is argued that land grab is often indirectly supported by the state by exercising its ‘extra-economic power’ to simplify the transactions of those capitalist means of production which are not readily marketable. Finally, it reviews Sassen’s work (2013a) that critically challenges neoliberal policies arguing they pose a threat on ‘democratic decision making’.

The case study of Ariza-Montobbio and Lele (2010) on Jatropha cultivators in Tamil Nadu, India brings out a new issue that of losing independence of livelihood due to corporate-driven transformations of cropping patterns. Hall (2011:5) called such instances as “objectionable changes in land use”. The very first problem due to the introduction of jatropha (bio-diesel) was the loss of ‘food self-sufficiency”. About 82% of the interviewed households swapped over to jatropha plantation in place of food crops (Ariza-Montobbio and Lele, 2010). The major concern is that more than 50% of the total farmlands were under the corporate land grab, indicating a sharp decline in food production. Additionally, it also created fodder shortage as the farmers were facing a dearth of paddy straw and groundnut to feed their livestock (Ariza-Montobbio and Lele, 2010). This is a common problem in rural India under the corporatised agricultural regime that has been referred as 'other food crisis' (Narain, 2005). On the other hand, corporatist control has transformed the original owners to hired employees without any control over land or labour. It has ultimately resulted in some instances of severe poverty as farmers have been left only with the formal entitlement of holdings, while the related resources and labour come under the tight control of contracting firms (as observed by Ghosh and Thorat (2003) in Andhra Pradesh, India).

The instances of 'dispossession' and displacement through corporate grab have become so common in South and South East Asia that social anthropologist Li (2011:296) argues that the local farmers have come "to accept their de facto proletarian status" and there remains rarely any opportunity that they would take-up some other "proletarian future". The small farmers dislocated from the farmlands have not got any support in any form of compensation payments (not even a 'living wage') by the corporate firms (Li, 2011). In the Indonesian island of Sulawesi, the uncertainty of employment and socio-economic insecurity of the dispossessed people created a severe panic; they were not even psychologically ready to accept the reality of 'landlessness' (Li, 2007). Now who will be answerable for such economic and socio-psychological instabilities introduced by the neoliberal arrangements meant for 'development'?

A bigger irony is that the major land deals in developing economies generally conceal the underlying multi-layered processes so that the tag of 'grabbing' can be avoided, simultaneously bypassing the other sensitive issues such as 'illegality' or 'displacement' (Hall, 2010). In fact the 'legality' of land grabbing may vary from country to country. For example, in southern African countries the process is recognised to be "largely legal- even if this requires changes in law to bring it in line with practices of state land allocation" (Hall, 2011:23). The perception is slightly different in India. In India, land-grab has become a political state practice implementing its "extra economic power to transfer to capitalists means of production, subsistence or common social wealth that are difficult or impossible to obtain on the market" (Levien, 2012:964). This reflects the confused ideology of neoliberal capitalism that opportunistically involves state intervention to serve its own purpose [here I can refer back to Peck and Tickell (2002:381) who pointed out the issue of "(mis)use of state power": discussed earlier]. Subsequently, growing dominance of "opaque" transnational land dealings has threatened the sovereignty of "democratic decision making" (Sassen, 2013a:27). The expansion of 'operational space' in an advanced capitalist economy disregards the 'expulsion' of populations from the existing institutional settings (Sassen, 2013b). The issue of displacement (along with some obvious subsequent problems like poverty, fatal diseases etc.) has been embedded in the new development phase in such a way that it is no longer treated as an 'anomaly', rather devalues the "meaning of citizenship" for the indigenous people (Sassen, 2013a:40).

The above discussion, therefore, evokes a basic question: to what extent is a small/marginal farmer in a developing agro-economy reaping the 'benefits' of neoliberal expansion to safeguard their social and economic interests? Do not the capitalist firms have any social and corporate responsibilities to protect their hired workforce? In the following sub-section, therefore, I will discuss the ethical responsibilities of the capitalist firms.

2.3.3 Ethical Trade and Power Imbalances

This sub-section presents arguments that capitalist autocracy should be structurally controlled to ensure the social and economic security of the hired producers/workers. It proceeds by reviewing the academic literatures by Tallontire and Vorley (2005), Barrientos and Dolan (2006), Bowfield (1999) and Hughes (2004) that argue that the issue of power equity between corporate firms and contracted farmers/producers is paid little attention and the interests of the contracted labourers are ignored in a neoliberal corporate set-up. This section argues from Hughes's more recent work (2010) that the conditions of the farmers is unlikely to be improved with the pursuance of 'ethical trade' as the codes, terms and conditions etc. are always directed by the capitalistic agenda of the 'overpowered' corporate investors.

Media exposure of underprivileged workers in developing nations, campaigning by the NGOs and increasing awareness from the general public have kept the large investors under pressure to perform corporate social responsibilities aimed at taking care of the workers' wellbeing as well as overall environmental maintenance (Bowfield, 1999). In this era of fair trade or ethical trade, "proliferation of standards for ethics and sustainability and the abuse of market power by powerful buyers" have shrunk the cost-price opportunities for the growers and the 'ethical codes' pay little attention to the unequal power struggle faced by the farmers (Tallontire and Vorley, 2005:3). According to Barrientos and Dolan (2006:5), ethical trade should cover "employment conditions of workers through the implementation of codes of labour practice in the supply chains of large food corporations and retailers'' while the equity in relationships specifically for small farmers has to be assured by the fair trade agendas. In short, the growing imbalance in power relationship needs to be controlled with certain regulatory codes which are usually pursued on corporate initiatives.

Bowfield (1999:765) establishes that “there is considerable opportunity to make both company codes and those related to labelling initiatives more effective”. There should be recurrent improvement of the codes and monitoring system, on the one hand; while on the other hand, the demands of the primary stakeholders should not be disregarded while affirmation of their incorporation into the schemes of potential income opportunities is also necessary (Bowfield, 1999). However, even in the case of implementation of ethical codes a clear dominance of capital is observed. There remains a constant lack of solidarity between the global North and the South as far as the ethical issues of global production networks is concerned (Freidberg, 2003). Freidberg argues that actors in the global North have always tried to intervene as ‘ethical’ actors by constructing agencies rather than responding to the issues of exploitation or inequalities in the production network; and more importantly, the production territory of the global South has been presented as ‘unethical’ and requiring their regulatory involvement (Freidberg, 2003). Such ‘ethical codes’ and ‘standards’ are typically implemented in a monopolistic fashion by concerned parties in the North which assumes that those are “exportable” to the South (Hughes et al., 2013). There remains a constant practical gap between the proactive implementation of ‘ethical’ agendas at production sites and a straightforward alignment of the same with market-oriented demands of the corporate contractors (Hughes et al., 2010).

Though ethical trade is practically meant “to provide a `third-way' solution to the social injustices resulting from global supply chains”, the complexities and contradictions of the profit-minded corporate strategies have tended to overpower the ethical codes and fairness in the long run (Hughes, 2005:1159). For example, the requirement of safety of the workers engaged in the cut flower jobs in Kenya (sourcing for the UK retailers) and environmental protection led to the establishment of the Kenya Flower Council that made some serious alterations in ethical trade issues (Hughes, 2001); however, Hughes (2004:228) argues that even the Council was “strongly” directed by the “retailers’ concerns about profitability and the effects of negative media exposures on their sales figures”. In India, the implementation of the ‘Plantation Labour Act’ remained ineffective for embracing the South Indian small farmers into its ‘safety net’ (Neilson and Pritchard, 2010). The vulnerability of the contracted farmers (mostly coming from underprivileged tribal communities) to the “vagaries of international and domestic markets” could not be reduced by this Act as the price fluctuations (especially in the international markets) do not spare the smallholders who are at the other end of the corporate-driven value chain (Neilson and Pritchard, 2010:1841). For example, a 50% price drop of green tea leaves in the world market (between 1998 and 2003) resulted in an 83% decline in incomes of small growers in Nilgiris (in southern India) (Neilson and Pritchard, 2009). In fact Neilson and Pritchard (2010:1849) identified a tendency of "selective incorporation" of fair and ethical trade in India. Though it contributed to poverty alleviation at a regional scale as far as coffee and tea cultivation are concerned, "beneficiaries have not necessarily been most in need; and for those most in need, fair and ethical trade has been irrelevant" (Neilson and Pritchard, 2010:1850).

It seems that power imbalance is the result of existing economic disparities deeply rooted in a developing country where the financial weakness is often the yardstick of social position. That is why the economically weaker party remains so compliant and passive, allowing further capitalist growth at the cost of their weakness.

All the economic 'advantages' of neoliberal transformation appear to be overstated as the small and marginalised agricultural sectors are found to experience critical socio-economic issues such as unemployment, proletarianisation, dispossession and displacement. More importantly, the reviewed literature [of Watts (1994), Minten et al. (2009), Akram-Lodhi (2007), or Porter and Phillips-Howard (1997)] indicates that execution of neoliberal policies has caused incessant capitalist expansion, the profit-making agenda of which has ultimately turned human labour into a purchasable product through imposition of biased terms and conditions. It reflects the survival struggle of small-scale and marginalised livelihoods upon the exposure to neoliberal transformations that is typically focussed on 'capital accumulation' [as defined by Harvey (2007a)]. Moreover, it eventually results in concentration of capitalist power which dissociates the producers from their means of production i.e. evoking the issues of dispossession and displacement. Sassen (2013a) argues that this has endangered the process of democratic decision making. Even the persuasion of 'ethical' codes could little improve the conditions of the proletariats. Hughes (2005) argues that corporate policies have always remained biased focusing on the ultimate goal of profit-making rather than safeguarding the farmers' interests. However, recent research of Hughes et al (2015) in South Africa finds that the increasing awareness of consumers on the social and environmental sustainability (i.e. responsive ethical consumption) can significantly encourage ethical trade.

This section has argued that the aftereffects of neoliberal approaches in agriculture reflect an overall downward social mobility of farmers under capitalist supremacy. In this chapter, I also need to explore the diversified impacts of neoliberal policies in different sectors of the economy. While the small farmers have their own livelihood struggles, petty entrepreneurialism in traditional retail sector, on the other hand, is also going through a critical phase as they have been forcefully exposed to unequal competition through free-market capitalism. In section 2.4, I will discuss another set of impacts of neoliberal policies as far as the livelihoods of the small-scale traditional retailers are concerned.

2.4 Impacts of neoliberal policies on small-scale traditional retailing

In section 2.2 of the chapter, I discussed the fact that the neoliberal policies have critically been analysed by the development critics because of its purposive expansion of 'capital accumulation' that eventually lead to the proletarianisation of the workforce and the dispossession of the original producers. The main purpose of this chapter is to understand the impacts of neoliberal policies on the small and marginal-scale livelihoods of different segments of the economy. In section 2.3, I have discussed its impacts among the financially weak farmers of a developing economy who are sandwiched between broader perspective of all-round 'development' policies of free-marketing and corporate supremacy in the agricultural sector. In this section, I will review the relevant literatures that have focussed on the impacts of neoliberal policies on small-scale livelihood as far as neoliberal intervention in the retail sector is concerned. It will be presented in three sub-sections (2.4.1., 2.4.2 and 2.4.3) respectively discussing the retail neoliberalisation process, its impacts on small-scale traditional retailers and lastly the endurance and survival of the traditional retailers.

2.4.1 Neoliberalism in retail sector

This sub-section delivers a conceptual overview on retail transformation in a neoliberal regime along with initiating certain key arguments on its impacts on local traditional livelihood. It starts with the concept (Brenner and Theodore, 2002b) of 'local' revival to create new spaces for resource 'accumulation' and retail neoliberalisation is considered to be a part of this. It continues with the discussion of retail transformation processes under free-marketing and liberalisation policies as found in the academic literatures by Coe and Hess (2005), Coe and Wrigley (2007). It also discusses the strategic expansion programmes of the capitalist giants with the help of scholarly works of Quinn (1999), Williams (1992) and McGoldrick (1995). To look for the implications of corporatised retailing, it reviews the empirical works of Tosonboon (2003) and Portes (1997) which document economic revival through retail neoliberalisation in developing countries. The sub-section also discusses Ahmed's (2010) standpoint which suggests that the strategy of encouraging neoliberal capitalists for economic revival ultimately create manipulative power relationships. The argument on this is carried forward to the next sub-section where I will discuss how such imbalances can again create dispossession and displacement of labour.

The transformation of retailing is a part of multiscalar political-economic projects that are meant to alter the urban space in a neoliberal set-up. Urban reconstruction policies under neoliberal regimes involve a 'new' approach of governance that leads all the rules, policies and programmes to revitalise cities as the space for capital accumulation (Brenner and Theodore, 2002b). Such 'specialised' spaces eventually lead to "urban spatial fragmentation and social exclusion" rather than linking the indigenous economy with the wider economic space (Kennedy et al., 2011). This indeed drives the initiation of open competitive markets to achieve optimal economic 'development' in different ways, one of which is the transformation of retailing involving revival of urban space as well as that of the retail sector as a whole. Since the 1990s, the acceptance of free marketing policies has allowed the transnational retail giants (mostly dominated by food and general merchandise retailers) such as Wal-Mart, Tesco, Carrefour, Metro etc. to enter the emerging markets of Eastern Europe, Latin America and East and South-East Asia (Coe and Hess, 2005; Coe and Wrigley, 2007). The prevalence of proactive responses towards foreign retailers' expansion, market size, uniqueness of retail offers and most importantly the niche opportunities (i.e. specific consumer-base) have allowed such large companies to expand beyond their territories of origin (Quinn, 1999; Williams, 1992). The entry into a new market can also be forcefully driven by factors such as tougher competition or saturation in domestic markets rather than retailers merely being attracted by the lucrative retail potential of overseas markets (McGoldrick, 1995; Kalhan and Franz, 2009; Coe and Wrigley, 2007). Either way, entry depends on the 'acceptance' policies of the hosting governments as per the demand from the economy.

In fact this is the phase of 'neoliberal globalisation' of retailing which reflects different political economic environments depending upon the nature of bilateral and multi-lateral trade-agreements that involve foreign direct investment (FDI) in retailing and structural adjustment programmes (i.e. deregulations, privatisation, liberalised market economy) encouraging private capital (Franz, 2010; Coe and Wrigley, 2007). This is under the scheme of "revival of the local" that indulge advanced entrepreneurial tactics, utilisation of space-specific locational assets, local/regional competitiveness through various political agendas and policy experiments (Brenner and Theodore, 2002). The Indian regional state of WB also felt the need for such a "revival" through a free market economy (following neoliberalism) in the 1990s to overcome the economic degeneration due to slow growth in agriculture and industry (Khasnabis, 2008). However, these 'remedies' do not operate in a simplistic way as they are expected to do. Brenner and Theodore (2002) argue that such appeals to the "local" can never be isolated from the 'supralocal transformations' which can be as big as globalisation or capitalist development heading towards the decay of nation-states and intensifying inter and intra-regional competition. In later parts of this section, I will discuss what can be the consequences of such transformations in a developing economy that adopts neoliberal approaches in retailing to boost the economy that comprises a broad base of potential middle class customers. This has altered the traditional retail structure and transformed the pattern of retail activity on a global scale.

Reardon et al. (2005) have coined the term 'supermarketisation', that signifies the rapid growth of modern retail structures especially in developing countries. The long-established concept that used to consider retailing as a domestic activity essentially performed within a single country or region is not valid any more (Moore and Fernie, 2004). In the contemporary world, retail transformation is an essential business practice inducing fundamental changes in distribution and marketing policies on a global scale (Alexander and Doherty, 2009). The wave of retail internationalisation first struck the growing urbanised economies of Latin America and then East and South-East Asia followed by the poorer economies of Latin America and Africa and finally South-Asia (Reardon et al., 2003). The expansion-rate during the 1990s varied with the degree of FDI liberalisation and the resulting bilateral/multilateral business-agreements.

The aftermaths of this have been researched by several scholars in different parts of the world (discussed in the following sub-section). The liberal economic viewpoints can be reinforced on the basis of several empirical evidences which suggest that FDI in retailing has ensured economic 'growth' in countries with 'unilateral opening' for the foreign market through all embracing privatisation opportunities. For example, Thailand's 'Free Trade Agreements' with China and USA revived the Thai economy by inviting foreign investment through liberalisation of retail and consumer sector policies during the economic turmoil in South East Asia around 1997. By 1999-2000 Thailand had managed to recover with plenty of new employment and investment opportunities generated by the overseas retailers. Similarly the Indonesian government collaborated with the International Monetary Fund (IMF) to achieve economic development through rapid retail-internationalisation in highly urbanised parts of Indonesia (Tosonboon, 2003; Kalhan and Franz, 2009). Portes (1997:239) illustrated how the neoliberal agendas were achieved with a 'positive' outcome in Chile and Peru while the similar attempts to boost the economy in neighbouring nations like Ecuador and Bolivia generated either mixed results or reflected a "bogged down" consequence. The practice of neoliberalism (supported by IMF) in Argentina for seven years controlled inflation though there was an inconsistent growth record and debt dependency from external sources (Portes, 1997:239).

But the after effects of implementation of neoliberal policies are not restricted to financial implications only. It involves livelihood issues for numerous people who contribute significantly to the state economy.

In the global literature, the impacts of modern retailing have been recognised primarily from three aspects — i) nutritive (in relation to diet and health status of consumers) impacts of retail transformation (Asfaw, 2007; Neven et al. 2006), ii) the socio-economic profile and behaviour of the consumers (Neven et al., 2006; Figuie´ and Moustier, 2009) and iii) pricing strategies of modern retailers (Ho, 2005; Minten and Reardon, 2008; Minten, 2008). In fact, the main focus has evolved around the impacts on the consumers. However, all these issues are directly or indirectly related to the impacts of modern retailing on the existing traditional retail sector especially in developing countries.

Neoliberalism in developing countries usually involves "expenditure deflating policy package at the macro-economic level" that intend to improve the overall growth rate of gross domestic product (Patnaik, 2007:p.3133). However, the sector-wide 'growth' is hard to be estimated and therefore, the impacts on petty livelihoods remain unexplored or neglected. Neoliberalism does not end up with the opening of free-markets or economic 'development' only; rather it generates "congenial spaces" for revenue extraction by giant capitalists (Ahmed, 2010:621). Such "capitalist forms of economic growth" ultimately leads to unbalanced and "exploitative" power relationships (Ahmed, 2010:625).

Gopalakrishnan and Sreenivasa (2009:48) reject the "positive picture" of modern corporate retailing that portrays the potential of economic revival by addressing the key problems of the afflicting economy; rather they strongly argue that it aggravates the problems in various economic sectors (including agriculture and traditional retailing).

The impact on agricultural livelihood due to retail modernisation is a much researched area especially in context of the small-scale farming in developing economies; for example: Hernandez et al. (2007) in Guatemala, Faiguenbaum et al. (2002) in Chile, Rao and Qaim (2011) in Kenya, Berdegué (2001), Bignebat et al. (2009) in Turkey and so on. However, Schipmann and Qaim (2011) identified that the implications for traditional retailing due to modern retail transformation is a less researched area. In the following sub-section, I will review the existing literature that discusses the livelihood impacts of small-scale traditional retailers within a changing market set-up under neoliberal regimes.

2.4.2 Experience of Small-scale traditional retailing: Unequal 'competition', proletarianisation and unemployment

In this sub-section I argue that neoliberal expansion of retailing in a developing economy can threaten the livelihoods of the local traditional retailers who survive on very limited resources. A review of works by Neven et al. (2005) and Humphrey (2007) finds that the giant retailers strategically expand in developing economies targeting the extensive consumer base of the new middle class on which the traditional retailers are mostly dependent for their livelihood. Here I explore [through the works of Kalhan and Franz (2009) and Robinson (2004)] that the influence of consumerism has altered the tastes and preferences of the population and helped corporate retail cultures to expand at the expense of the market share of low-cost traditional retailing. The argument continues with the viewpoints of Faiguenbaum et al. (2002), Dove (2006), Rodriguez et al. (2002) and Kalhan (2007) that the increasing popularity of corporate retailing has caused significant reduction in sale in traditional sectors creating a pool of displaced labour and thereby intensifying the problem of proletarianisation and unemployment.

In the early phases the wide scale growth of 'supermarketisation' was backed by rising levels of income, rapid urbanisation, growing car ownership and growing rates of female employment and this has drawn more investments in retailing in developing countries. Economists and policymakers have conventionally identified the supermarkets as the "rich-world's place to shop" (Reardon et-al, 2003:1146). However, the idea has changed over the years as the transformed retail structure has captured major shares of the emerging markets of Asia, Africa and Latin America altering the existing agro-food system significantly. In recent years, global retailers are targeting the middle class and young aspirant shoppers of the developing countries. For example, in 2011, Africa/Middle East and Latin American countries have shown a revenue growth of 29% and 21.3% respectively while the figures were 3.4% in EU and 6.3% in the USA (Luce, 2013).

The wide acceptance of modern retailing in low-income countries lies in their strategy of approaching the low income consumers (Humphrey, 2007). Neven et al. (2005) deduced that (on the basis of their case study in Nairobi, Kenya) the appeal to a broader consumer-base beyond the confinement of the "rich" was the key to the successful expansion of corporate retailers in developing economies. Here to mention that the expansions of modern retailing are not always essentially associated with transnational corporations from overseas. In more protected markets, private sector growth and power can be facilitated by large domestic firms. I call this 'domestic neoliberalism'. In such cases, the state intends to support the home-grown market and to protect it from the possible isolated failures. Ideally the state is expected to define and safeguard the property rights and regulate the market monopolisation. However, hardly any state could have attained this successfully. The developed nations like the USA or the UK could achieve this to certain extent though (DeMartino, 1999). However, in developing countries, it is a crucial challenge for the state to restrict monopolisation of the large domestic firms as there remain numerous people who survive on low-cost entrepreneurships with nominal financial strength. For example, the expanding networks of home-grown corporate retailers in India have exposed the low-cost traditional retail sector to further livelihood challenges. Yet, the changing consumer behaviours and lifestyles have accelerated the growth of these domestic corporations (Sinha and Kar, 2007).

The advancement in mass-media and thereby “manipulation” of the consumers’ perception have altered the pattern of shopping on a wider scale (Kalhan and Franz, 2009). The support of neoliberal political-economy and a few socio-economic “developments” have allowed the transformation to spread across developing markets (Kalhan and Franz, 2009:56). ‘Modern’ organised retail and branded products (whether global or regional) have acquired considerable significance accelerating the process of change. This reinforces the idea of Comaroff and Comaroff (2000) (discussed in section 2.2) that sees neoliberalism to be a culmination of consumption practices i.e. the changing consumption patterns of average customers (for example, increasing affinity to branded high-end products) have helped free marketing to expand faster. These factors have backed the economic and power structures that, in turn, has strongly led corporate retail culture to hold an end-to-end control over the supply chain (i.e. from production to consumption) (Robinson, 2004).

The intensity of retail transformation (whether with foreign or domestic capital), is dependent on the vigour of the governments and the agents of the companies to promote the liberalisation agenda (Kalhan and Franz, 2009). The rapid expansion rate of modern retailing is quite prominent in South and Southeast Asia in recent years where the traditional retail has remained widespread with prevalence of typical wet markets and family-run small retail units even after the end of the colonial period (Mutebi, 2007). Therefore, wide-scale neoliberal transformations are difficult to be borne in a developing economy where low-cost entrepreneurship is a way of living for a large number of people. This evokes a further controversy as the petty traditional retail trade in a developing economy challenges the ‘hegemonic’ supremacy of neoliberalism.

Small-scale traditional retailing is one of the most notable livelihoods in India not only for a group of jobless underprivileged people; rather it provides shelter to many educated unemployed and surplus labour in the face of employment crises and poverty (Batra, 2010). The survival of such small-scale retailers is consequentially very significant in a country like India where small-scale retailing (specifically in the grocery sector) is prevalently dominated by small-scale businesses ranging from licenced family-run shops to unlicensed street shops and kiosks or mobile vans to footpath sellers.

The ongoing structural transformation in retailing has made low-cost retailers experience an intense competition against the giant retailers (with high financial and managerial competence). The starting point of the large retail chains is their advantageous economies of scale in procurement. The centralised procurement process and organised distribution systems lead to efficiency gains and reduction of co-ordination costs. It allows them to offer a range of products at affordable prices and thereby to capture market-share from the traditional small-scale retailers (Reardon et al., 2003).

While small-scale established traditional stores continuously struggle for their market-share to survive the unequal competition with the large corporations, street vendors fight for premises for their livelihood. The importance of informal street vending in developing economies is recognised to such an extent that it is called the “laboratory for entrepreneurships” confidently run on “self-help and grass-roots initiative” reproducing an “informal revolution” against the overwhelming trend of capitalist growth (Bromley, 2000:5 and 6). However, this profession has remained the most vulnerable in the face of expansion of neoliberal economies [as found by Bromley and Mackie (2009) in Peru or by Swanson (2007) in Ecuador]. The new urban policies are usually designed for the privatisation of public spaces for the benefit of large capitalists, with little concern for the livelihoods of street vendors; rather these low-cost vendors are dragged down further in the pecking order ensuring that their target niche is restricted to low-income and poorer neighbourhoods (Bromley, 2000).

The rapid growth of corporate capitalists might be a response to growing middle class consumers with enough disposable income, but in a developing country like India (in the state of WB also) traditional retailing is implanted in the local socio-economic structure in such a way that it is not merely a low-cost business, rather a shield to keep the semi-skilled and unskilled non-farm workers alive [as found in Batra’s work (2010)]. Consequently, the vulnerability of these people has become a serious concern as millions are involved in this segment and only a part of them can be re-employed by the transformed modernised sector (Minten et al., 2010). It challenges the liberal views that advocate the potential of neoliberal remedies to create “full employment” by optimum resource utilisation [as found in literature by Shaikh (2004) in section 2.2].

Corporate investors certainly exploit the local resources, but there remains a considerable gap between 'utilisation' and 'allocation' as far as local human resource is concerned. Empirical experiences in other developing countries show a growing trend of employment crises with a large proportion of displaced labourers as an aftermath of neoliberalisation, as seen with traditional retailers in Chile (Faiguenbaum et al., 2002), in Mexico (Dove,2006) and Argentina (Rodriguez et al., 2002). Kalhan's study (2007) in Mumbai, India also argues that Indian traditional retailing is on the verge of a severe decline threatening the employment security of many as the traditional retail sales have drastically reduced due to the rapid encroachment of gigantic shopping malls and multi-brand domestic retail chains. This is a common trend in almost all metro cities in India. However, neoliberal capitalism has also expanded in the middle class markets of smaller Indian cities less well covered by the literature. That is why this research intends to focus on the small industrial city of Durgapur which has developed an individualistic economic space and now evolving as one of the contemporary neoliberal hubs in WB.

The empirical experiences (discussed so far) do not indicate a straightforward crisis of growing unemployment. The struggles and complexities posed by ongoing neoliberalism indicate proletarianisation that pushes the small-scale entrepreneurs towards dispossession and turns them into wage labourers (again reminding us of the concept of 'accumulation by dispossession'). However, proletarianisatin can be a 'contingent outcome' of such class struggles showing a difference in the conventional trajectory of capitalism (Glassman, 2006). Even the weaker party can show a strong defence for survival slowing down the process of proletarianisation. Therefore, the following sub-section will explore the literature on the survival struggles and resilient attempts of the small retailers in a free-market economy dominated by large-scale capitalists.

2.4.3 Traditional retailers in a rapidly changing retail environment: Struggle for survival

Sub-section 2.4.2 argued that the people surviving on small-scale activities implement certain adaptable measures to sustain their entrepreneurial status in a capitalist-dominated neoliberal environment. Following the works of Franz (2010), Faiguenbaum et al. (2002) and Coe and Wrigley (2007), this sub-section finds that the competitive strength of the big domestic retail chains can influence statutory activities of the state in their favour to structurally restrict their multi-national competitors; however, the increasing susceptibility of the small-scale and marginal retailers rarely influences any government decisions. It continues with the argument (Humphrey; 2007; Hamilton,

2003) that small-scale retailers endeavour to adapt in the changing retail environment as per their efficiency and limited resources rather than showing ‘resistance’ against capitalist expansion.

The giant neoliberal projects have experienced resistance at times when it was anticipated to affect the local livelihood. Retail projects are not exceptions as the existing native retailers with limited resource-base are incapable of competing with the overwhelming spread of modern retailers with huge investment potentials. The wide-scale expansion of giant multi-national retail chains in the emerging markets of the developing world since the 1990s has not only altered the conventional concept of retailing, but also led to associated power shifts evoking significant ‘resistance’ in many countries. For example, In the late-1990s and early 2000s retail giants like Ahold, Carrefour and Home-Depot had to retreat from Chile due to sustained resistance by the biggest domestic retail chains (like D&S and Cencosud in the grocery-sector and Sodimac in home-improvement retailing) (Bianchi and Mena, 2004; Bianchi and Ostale, 2006). From their Chilean case-study Bianchi and Ostale (2006) argued that domestic players can potentially ‘overpower’ the global players by anticipating and utilising their sources of competitive benefits in a well-known business environment taking advantage of insufficient ‘embeddedness’ (consumption cultures, real-estate and land-use planning structures along with supply systems) of the foreigners. Leading global retailers like Wal-Mart and Carrefour withdrew from the South Korean retail market due to similar problems of ‘embeddedness’; however, Tesco managed to survive with its efficient territorial embeddedness by a joint venture with a local corporation, Samsung (Coe and Lee, 2006). In many cases, the domestic retail chains also received provision of sustenance from the government. Sometimes, however, the indigenous resistance has made certain governments change their regulation policies to support the domestic sector (Franz, 2010). For example, the Chinese government provided low-cost loans to its ‘dragon-head’ retail chains that helped them access low cost capital and thus to take over an advantageous position over the global counterparts who were dependent on investments from their own liquidity and international credit (Reardon, 2005). In Chile, the big domestic retailers like D&S were provided with loans by the nationalised banks to repel the global retailers’ market-entry (Faiguenbaum et al., 2002). However, these empirical evidences speak of the competitive strength of the big domestic retailers with a sound capital base. Moreover, the domestic corporate chains had that power and position to ‘lobby’ their national governments “to enact regulation protective of their competitive position” (Coe and Wrigley, 2007:351).

On the other hand, the low-cost small-scale retailers are in a continuous struggle for survival attempting to sustain themselves amidst uneven competition with corporate giants (whether domestic or transnational). These are indeed confrontations of the weaker participants against the power structure that directly or indirectly induces development and consolidation of power (both economic and social). There is certain empirical research that identifies some government initiatives to protect the small indigenous retailers. For example, the Indonesian government has compelled foreign retailers to stock at least 80% local content in each outlet/restaurant (Kearney, 2013). In India, the government imposed a condition on foreign retailers to buy at least 30% of indigenous merchandises from local small/medium-sized businesses (Harris, 2013). However, such decisions often go against any further investment probability in the hosting economy as the restricted activities of the leading retail chains do not allow them to take absolute advantage of the free-market economy. For example, the Indian government's decision was described as a "critical stumbling block" by the chief-executive of Wal-Mart, Asia indicating a grudge against such restrictive working environments (Harris, 2013).

The responses from the side of small retailers are mainly identified as resilience to retain their livelihood rather than showing strong 'resistance' against the power shift and influencing the government to rework their policies (Hamilton, 2003; Humphrey, 2007). The existing literature (reviewed below) on this issue depicts that small-scale retail businesses can show significant resilience i.e. can potentially adjust themselves to the transforming surroundings without any support through re-regulation.

Hamilton's research (2003) in Latin American developing economies argues that the collective purchasing power of the 'emerging' consumers in a developing country has the potential to keep traditional small-scale retailing alive. Hamilton (2003) denied the 'myth' of lower spending potential of "poor" customers from lower socio-economic strata (SES). While the "average" buyers consume 30-35% of consumer goods in a given country, the 'emerging' consumers (by 'emerging' Hamilton indicated the consumers in "lower income segment") make up the disproportionately higher clientele of 50%-75% with the "lowest SES" spending almost the entire share of their incomes on consumer products (Hamilton, 2003:5).

Hamilton (2003) and Humphrey (2007) argue that the price-sensitiveness of the 'emerging' customers significantly help the traditional low-cost retailing to survive. Physical proximity of the small-scale neighbourhood stores is often a "first order determinant" for an 'emerging' customer who mentally factorises the expenses of time, transportation costs and other logistic limitations (Hamilton, 2003:8; also see D'Andrea et al., 2006). Additionally, the higher the instability in income flow of the customers, the higher is the frequency of purchase (as higher 'pantry loading' from a distant supermarket is not possible with a limited income). However, they did not consider the frequency of other customers (with higher income stability and purchasing power) to visit the traditional low-cost stores. If the general trend of commodification and brand popularities prevail to influence the shopping habits of the middle class customers (as is evident in most of the developing countries), then the traditional stores have to experience loss of a good share of middle class customers who can afford the expenses on weekly or monthly grocery trips. Therefore, the whole customer base of the traditional sector needs to be considered to estimate the vulnerability of the low-cost retailers in a widely transforming retail environment. Additionally, in WB, low-cost traditional retailing consists of different sub-segments with variety of goods and services and customer bases (later discussed in chapter 7).

Hamilton (2003) argues that the low-cost retailers are capable of catering to the demands of the low-income clientele. Empirical research (in Asian and Latin American cities) has also established that there is a constant challenge for big retail chains to penetrate the fresh food segments (Humphrey, 2007). The supermarket chains often struggle to capture the market-share of 'low-income' retailers because of their high popularity, specifically in fresh food retailing ('wet'/'street markets') (Humphrey, 2007; Hamilton, 2003). The customers usually prefer the wholesome fresh produces sold by the low-cost retailers over the artificially preserved food at supermarkets (as they use artificial ripening process or preservatives on fresh food). However, these studies did not consider the resilience strategies of such low-cost vendors who can rarely afford any storage or refrigeration facilities due to the constricted availability of space and very low investment capacities.

The "emotional proximity and feeling of community" among the neighbourhood small-scale retailers or street vendors and customers is another 'advantageous' factor to retain market share in developing countries (Hamilton, 2003:11). Rani's empirical research (2013) in India also considers the personal attachment between the customers and traditional retailers to be a worthy resilience strategy to win over the high professionalism of modern outlets. An easy approachability often allows the customers to take the opportunity of negotiation, bargaining or even credit business at traditional stores. But these works did not consider how far these factors can effectively be 'advantageous' as allowing credit business or offering bargaining options to the customers can become a setback for a low-cost retailer himself/herself.

This section has argued that neoliberalisation in the retail sector increases revenue extraction (through 'capital accumulation') at the cost of small-scale traditional counterparts who are actually stuck amongst the policies of economic resurgence and their own survival struggles against the large-scale capitalist competitors. It ultimately results in exploitative power relationships [reminding us of the argument of Ahmed (2010)] creating a group of proletariats dispossessed from their own business. The livelihood of people employed in traditional retailing faces serious risks. As seen in the academic literature by development critics such as Faiguenbaum et al. (2002), Dove (2006) and Minten et al. (2010) that retail neoliberalisation creates acute unemployment problems in developing countries as the modern sector might not be able to accommodate the entire displaced workforce. Neither can the financially weaker retail entrepreneurs 'lobby' the state's decision to restrict corporatist investment under neoliberal regime by showing 'resistance'. The resilient attempts of the small-scale retailers are perceived to be their intrinsic competence to survive in an unreceptive capitalist market (as found by Hamilton, Humphrey, Rani).

The discussion about aftermaths of neoliberalisation in two different economic sectors, therefore, draws a common conclusion that predatory nature of neoliberal capitalism leaves least opportunities for the survival of low-cost entrepreneurships. It evokes a question about the relationship between the state and capital that eventually expose the vulnerable socio-economic groups to further oppression and precarious livelihood. Therefore, in the following section I confer the understanding of agency and resistance in a transforming economic regime. Simultaneously I also attempt to build up a clear conception on 'precarity'.

2.5. Livelihood insecurities and survival strategies in the low-cost economic sectors: Outcome of expanding neoliberal economies

In the previous sections, I discussed how the expansion of neoliberal economies exposes the socio-economically vulnerable (often defenceless) low-cost entrepreneurs to further livelihood precarity. The implementation of neoliberal policies without considering the livelihood risks of considerable section of the economy can be considered as an outcome of "a lack of consensus in the crucial area where concrete experiences and vague populism might be translated into radical politics[3]" (Mann, 1970:436). Such conditions can provoke confrontation between the state and the oppressed people. I consider the anticipation of such confrontation in my study area. Therefore, in this section I intend to build up sense of the 'precarity' (sub-section 2.5.1) as used in critical Geography with the help of relevant literature (such Ettlinger, 2007; Waite, 2009; Butler 2004, 2006). Here I also explore the ways which can be the survival strategies to recover from such precarious livelihoods. The sub-section 2.5.2 hereby offers a comprehensive understanding of the responses of oppressed class towards the predatory neoliberal hegemony. In this context, I explore the key literature on resistance (specifically by Scott, 1986 and 2008) and resilience (by Katz, 2004 and DeVerteuil, 2015).

[3] Here I consider the WB government's shift from distributive justice to adoption of neoliberalism as a radical decision that shattered the dreams of many and resulted into peasants' resistance in Singur and Nandigram.

2.5.1 Making sense of precarity

The human lives are exposed towards critical social, economic and political challenges at times. In the earlier sections of this chapter, I have discussed how the incessant growth of neoliberal economy across the globe has threatened the livelihood and existential security of people surviving on limited resources (financial, human and intellectual). This raises a question whether the alliance between the state and corporatist capital has left out the low-cost entrepreneurs to lead an unwarranted or precarious life. Considering the literature reviews in earlier sections I anticipate that precarity of livelihood can be an essential outcome of the low-cost entrepreneurs in WB exposing them towards existential insecurities and livelihood struggles. Here I explore the work of Ettlinger (2007) that recognises the ubiquitous nature of precarity in the present world. I also refer to Butler's (2006) argument that identifies precarity to be an outcome of certain socio-political decision exposing a group of people to uncertain lives. Following the argument of Rogers and Rogers (1989) and Standing (2011) eventually I discuss that precarity is an unstable labour market condition which is the aftermath of incessant growth of advanced capitalist economy.

On the backdrop of socio-political circumstances in post-9/11 USA, Ettlinger's geographical perspective (2007) considers precarity as the universal occurring at random micro-spaces of day-to-day life. Following the understanding of Waite (2009:426), the term 'precarity' can be referred to the experiences of "uncertainty and insecurity that are either thought to originate from a generalised societal malaise, or as a result of particular experiences derived from neo-liberal labour markets." Butler (2004) relates 'precarity' to submissive human existence under autocratic governmentality. Human existence is often subdued by some 'invisible' censorship that "circumscribes (not only) what is speakable (but also) what is livable" (Butler, 2004: xx). Her argument draws attention to the fact that 'precarious life' of a certain group (or class) of people can be the outcome of certain aversive socio-political conclusions that even deny the very existence of those people [as Ettlinger (2007) found how racism in post-9/11 USA pushed the 'others' to the other extreme of the society] (Butler, 2006). Waite (2009:416) emphasises that precarity is more "contextually specific in contemporary times that emanates primarily from labour market experiences". From this viewpoint Precarity is perceived to be the product of advanced capitalist economies aggravating the problems of job insecurity, instability (including underemployment) along with social and economic susceptibility (Rogers and Rogers, 1989: cited in Waite, 2009; Standing, 2011).

Considering both the views, I intend to understand if the exposure of small-scale livelihoods to neoliberal economy has created 'precarious' working environment keeping the voice of resource-poor section subdued under neoliberal hegemony. Later in Chapter 3, a thorough literature review of the impacts on small-scale economic sectors (upon neoliberal exposure) would help to explore the possible 'precarities' of livelihood in my study area.

In the following sub-section, I will explore the literature on survival strategies (specifically resistance and resilience) of the oppressed class shattered by livelihood precarities in a transforming neoliberal economy.

2.5.2 Making sense of resistance and resilience

This sub-section focuses on the survival strategies (resistance and resilience) of the affected class which is experiencing precarious life on the face of oppression and occupational hazards due to the state's adoption of neoliberal policies. Here, I look closely at Scott's (1986) advocacy on "everyday resistance" which he considers as a long-lasting defence of the weaker class rather than any rebellious protest. Following Katz (2004) and DeVerteuil (2015), I discuss that resilience is a proactive and pragmatic attempt of survival produced on independent effort and eventually helps to build up adaptive capabilities and knowledge-base. I also consider the critical reviews of resilience (by Cretney, 2014; MacKinnon and Derickson, 2013) that consider resilience to be an indirect way to allow the perseverance of hegemonic system.

'Resistance' is defined to be the attempts to subvert or interrupt the manipulative or dominative conditions (Katz, 2004). Scott (2008) suggests that there always remains a 'hidden' ideological resistance underneath any representational or habitual submissiveness. Even the weaker group (relatively powerless) can put on strategic resistance against the dominance of powerful actors. Scott (1986:22) emphasises that the 'resistance' from the powerless class can be expressed through "any act(s) by member(s) of the class that is (are) intended either to mitigate or to deny claims (e.g. rents, taxes, deference)" imposed by "superordinate classes (e.g. landlords, the state, owners of machinery, moneylenders) or to advance its own claims (e.g. work, land, charity, respect) vis-à-vis these superordinate classes." However, the attention of the intelligentsia has conventionally been drawn to the large-scale outcomes or magniloquence, while the "everyday resistance" from the powerless class remained overlooked (Scott, 2008). His thorough empirical research (1986) on the impacts of livelihood changes of the poor farmers in a Malaysian village (that experienced capitalistic expansion in agricultural sector) suggests that 'resistance' might not necessarily be in the form of collective action. It can be "symbolic or ideological" which is often articulated through "gossip, slander, rejecting imposed categories, the withdrawal of deference" (Scott, 1986:22). Scott (1986:31) considers such forms of everyday resistance to be "truly durable weapons of the weak" even if it is not an insurgence or revolution.

My empirical research considers this view to understand if 'resistance' have been grown in any form in the small-scale economic sectors upon their exposures to the giant corporations in a neoliberal capitalist economy. The anticipation of 'resistance' is very much contextual for my study area. In Chapter 3, I will discuss the incidents of farmers' insurgences in recent past in WB where the practice of 'extra-economic power' of the state attempted for grabbing of fertile lands to start certain industrial projects invested by foreign and domestic corporations.

However, 'resistance' is not the only way to adopt as a survival strategy. Katz (2004) argues that the responses of the oppressed can also be expressed though resilience and reworking. According to her, resistance, resilience and reworking are reciprocally supportive and can potentially upkeep the efforts towards social transformation. She suggests that the absolute eruption of resistance is somewhat rare as these practices involve raising awareness against injustice and attaining alternatives to the present status-quo; while reworking is the sensible and practical efforts to alter despotic or unjust relations of power (Katz, 2004). Resilience, on the other hand, is the recuperative way on 'autonomous initiatives' to adapt in a transforming environment. It involves self-defence and mutualism to secure the scopes for survival (Katz, 2004:242). However, this perspective has been encountered by several critics (such as Cretney, 2014; MacKinnon and Derickson, 2013) who argue that resilience indirectly let the hegemonic system to perpetuate further and thereby the predatory capitalism also continues. However, DeVerteuil and Golubchikov (2016:147) argue that resilience becomes crucial when "resistance and transgressions do not make sense" due to the weakness or disorganisation of the agents in question. DeVerteuil (2015:27) advocates the persistence of resilience attempts which convey "a sense of adaptive capacity, a proactivity and potential for learning—it is produced and earned rather than being an inherent property". Resilience seems to be a more effective and steady survival strategy of the weaker class. It can make the state to revise their policies which expose the resource-poor to deeper socio-economic risks (as argued by Hamilton (2003) and Humphrey (2007) by their empirical studies on small-scale retailers: discussed in sub-section 2.4.3 of this chapter).

Considering the financial distresses and highly fragmented nature of small-scale agriculture and traditional retailing in the developing economy of India (and so as in WB), the resilience seems to be a potential survival strategy for the low-cost bread earners. In my empirical research (documented in

Chapter 5, 6 and 7), I will explore how the small-scale sectors survive their struggles on the face of increasing precarities – is there any form of resistance against the ongoing transformations or they adopt resilience policies to cope-up within changing economy essentially directed by neoliberal ideologies.

The following section offers a general conclusion about the implication of neoliberal policies on various low-cost economic sectors of a developing economy based on the reviewed literature. It attempts to identify the gap in existing literature so that the methodologies and procedures of the empirical work can be determined later on.

2.6 Conclusion:

From the discussions in this chapter, it can be argued that there remains a recognisable gap between the theoretical concepts and practical execution of neoliberalism. Harvey's analysis (2007a:43) of neoliberalism as a 'creative destruction' emphasised "exploitable contradictions" of the neoliberal agenda that indicated the gap between "rhetoric (for the benefit of all) and realisation (for the benefit of a small ruling class)". In section 2.3 and 2.4, the review of literature builds up a sense that the implication of neoliberal policies might have a wider perspective of economic renewal and overall 'development', but eventually ends up with 'privatised control' of resources by powerful capitalists divesting the original producers (reminding us of the basic belief of Marx's 'primitive accumulation'). Consequently, it creates a congenial environment for the powerful capitalist expansion which proves to be unreceptive for the people living small and marginal livelihoods.

Neoliberalism has followed "historical-geographical trajectory of capital accumulation" backed by increased connectivity over space and time through liberalised trade policies that ultimately intensified the problems of regional disparities (Harvey, 2007a:43) and major shifts in livelihood strategies (Oberhauser and Hanson, 2007). The literature review on the impacts of neoliberalism on small-scale farming and traditional retailing strongly suggests that the concept of free-marketing is not only about the expansion of liberalised trade aiming at overall development of an economy; rather it has led to the monopolisation of corporate and financial powers. Both the sectors, therefore, experience proletarianisation and dispossession of existing small-scale entrepreneurs.

Empirical studies in the developing economies (discussed in section 2.3) suggest that small farmers have either been excluded from the profit driven corporate supply chains on the ground of disadvantageous economies of scale and insufficient technological knowledge; or have been kept significantly suppressed often losing their sovereignty on their own piece of land. On the other hand, the lack of financial resources make the farmers dependent on corporate contracts which usually offer a fixed amount of income along with the provision of 'facilities' like production credits or technical support. Accordingly, even in cases of scale-dualism, the small/marginal farmers are often intentionally incorporated into the corporate-controlled procurement network as they are easily 'controllable' due to their vulnerable socio-economic status. This depicts an extensive dominance of capitalistic approaches leading towards the proletarianisation of the farmers who are actually turned to waged labourers or "farm servants" under corporate contracts. Additionally, continuous worries regarding crop rejection, termination of contracts, lack of alternative sources of income etc. keep these small farmers psychologically stressed that directly or indirectly affect their productivity. Additionally, the acute financial crises and usurious predominance of informal village moneylenders make many of the farmers take up corporate contracts as a resilient strategy for survival. Thus their way of resilience drags them to further socio-economic susceptibility. Thus it seems to be a vicious trap for the contracted farmers. The increasing corporate dominance specifically indicates the basic argument I started with i.e. the prevalence of 'capital accumulation' that has even kept the contracted farmers (rather waged labourers on their own land) deprived of any interactional justice; but at the same time it can potentially solve the perennial problems of low income and unavailability of production credit. The actual condition is too complex to explain in a simplistic manner if neoliberal policies have helped or hindered Indian small and marginal farmers.

My research will revolve around the issues such as –scope of inclusion of small/marginal farmers into the procurement network of corporate supply chains and related difficulties such as proletarianisation, loss of sovereignty, imbalanced power relations. These questions, in fact, intend to assess the extent of socio-economic vulnerability of the local farmers who are the backbone of the agricultural economy in WB, India. In addition, it is also important to assess how far the weaker economic status of a small/marginal farmer is affecting their social and ethical eminence in a neoliberal environment dominated by a handful of profit-making organisations.

The uneven competition in the retail sector is another face of a monopolised power game played out by neoliberal capitalism. From a liberal standpoint, such competition might be perceived as a way to improve the skills and strategies of the local retailers and also a way to satisfy the demands of a middle class aspiring for 'higher' quality goods and services. Retailing today is transforming on a large scale under the basic principles of consumerism and commodification. The development/betterment of competitive skills of small-scale traditional retailers are not feasible because in India (and in most of the developing countries), they survive on very limited resource-base. Their struggles and resilient attempts for survival are basically premeditated in a simplistic way within their limited capital and strategic ability. Advantageous economies of scales and centralised procurement structures of the giant retailers allow them to reduce the expense of bulk purchases which eventually reduces the product price. Additionally, the suppliers, wholesalers and manufacturers can no longer find any alternative bulk purchaser other than the corporate retailers. Above all, the small retailers are nowhere in the competition if I compare their investment and managerial potentials with those of the organised corporate retail chains. Is there really any scope of genuine ‘competition’ for the small-scale retailers in a free-market where the monopoly of bigger players is unrestricted?

This eventually reflects ‘accumulation by dispossession’ as the capitalist growth of modern retailing leads to joblessness of the petty traders. The falling market share of traditional retailers thus results into proletarianisation that drives the displaced business owners to find jobs somewhere else. Moreover, in India (also in WB), traditional retailing is comprised of multiple layers (from established mom-and-pop stores to handcart pullers or open-air street vendors) and reflects a range of impacts within the traditional sector itself. The struggles of street vendors against privatisation of material spaces on the face of incessant capitalist growth have posed a serious threat to the low-cost livelihood of numerous informal micro-entrepreneurs.

The impacts on the traditional segment upon neoliberal expansion have commonly been focused on without exploring the internal intricacies related to manifold livelihood options of traditional retailers. My research intends to bring out these multi-layered complexities and resilient strategies as far as their job-specific survival in a transforming retail environment is concerned.

Therefore, the empirical research in WB aims to identify the significance of neoliberal policies and its diversified impacts on different sectors of a developing economy which is expressively reliant on the small and marginal scale activities pursued by the indigenous people. A key question is how far these indigenous labour forces are affected or adapted in the changing set-up of free-marketing that has been adopted to escalate the overall growth rate of the economy? The empirical work will investigate if implication of neoliberal policies in the developing economy of WB has also culminated in proletarianisation threatening social and economic sovereignty of individuals engaged in small-scale livelihoods. It will also explore the survival tactics of these oppressed people from the perspective resistance and resilience in the respective sectors.

Chapter 3: Scopes for Sustenance of Small-Scale livelihood in the era of Neoliberal Capitalism:
A Discussion of the Political-Economic Backdrop of West Bengal, India

3.1 Introduction

Neoliberal transformations are often the reflection of state policies that privilege the superior power of the market to distribute resources and create wealth. The review of the literature in Chapter 2 built up a sense that the implication of neoliberal policies is not only about the expansion of 'free markets' aiming at 'development' of an economy; rather it leads to monopolisation of the economy by corporate capitalist powers creating an unreceptive environment for people surviving on small-scale low-cost livelihoods. The impacts of this can be reflected in diverse and divisive ways in various economic sectors. Here I will discuss these issues in the context of India and the Indian state of West Bengal (WB). Some commentators have argued that the private sector economy in India was "strangled" by the post-independence "Fabian socialism, central planning, and an unbelievable quantity of bureaucratic red tape" until it experienced a critical difficulty in balance of payments in 1990s (Delong, 2003:185). The journey of "bold neoliberal economic reform" was, Delong writes, adopted to overcome the "currency crisis of 1991". This chapter will contextualise the issue of the implications of neoliberal policies in WB, where small and marginal scale livelihoods contribute a major share of GDP. I will specifically focus on small-scale agriculture and small-scale traditional retailing as these two are the highest employment generating sectors in WB and are also experiencing significant transformation after their exposure to neoliberal capitalist economic policies.

It is worth mentioning that the specific reason for selecting a study area in WB is the state's unique political history and economic policies. The political-economic trajectory of the state has remained complex throughout due to a combination of the contradictory ideologies of its Communist government and neoliberal economic policies. On the one hand, the steady decline of the industrial sector was followed by the growth of informal economic activities; on the other hand, the 'distributive justice' of the Communist government (which ruled from 1977 to 2011) has encouraged the growth of small-scale entrepreneurship both in the farming and non-farming sectors (here I will focus on traditional retailing). This eventually led to a long period of economic decay. Consequently the Communist government opted to inspire free-market capitalism like many other developing country governments with an "unswerving faith in liberalisation policies, as the solution to the overall improvement of the population's standard of living underpins the state's rationale for forging ahead with the economic reform" (Ganguly-Scarse and Scarse, 2008:184). The expansion of a neoliberal regime is now a prominent feature of both the agricultural and retailing sectors in the state. I will specifically contextualise our discussions in reference to Bardhaman district, which is one of the most significant districts in terms of economic prosperity with extensive potential for agricultural and retail development.

Section 3.2 will offer a background study of the political-economic history of WB with a comprehensive exploration of changing state ideologies (from Communism to neoliberalism) designed to bring about economic 'development'. In sections 3.3 and 3.4, I will explore the pros and cons (from social and economic perspectives) of neoliberal approaches in a developing economy in the context of small-scale traditional agriculture and retailing respectively (with certain references to India as well as WB). Both the sections offer a brief contextual overview of the relevant sectors of agriculture and retailing in WB along with a discussion of the shifting state ideologies to which the sectors have been exposed over the years. Section 3.3 will find that despite certain economic 'gains', corporate interests eventually profit from imbalanced power relations and capital accumulation thereby intensifying the social and economic vulnerabilities of the financially weaker farmers. Section 3.4 also explores the repercussions of the expansion of modern corporations into the retail sector, with the result that the traditional small-scale retailing sector in India (as in WB) is undergoing a process of proletariatisation and displaced labour. Both of the sections suggest that hyper-liberalisation may adversely affect the small-scale sectors of the economy resulting in proletarianisation and dispossession of low-cost entrepreneurships.

3.2 Communism to neoliberalism: The political-economic journey of West Bengal

This section will discuss the political-economic ideologies pursued in WB over recent years and their major economic outcomes in the context of small-scale entrepreneurs. It will focus on the reason behind the state's shift in ideologies from Communism to neoliberalism and the resultant economic upheavals (Khasnabis, 2008; Bandyopadhyay, 2003; Sarkar, 2006). It is found that the decentralisation policies followed by the Communist party in WB resulted in low productivity in industrial and agricultural sectors leading to growth of informal economies followed by employment crises in formal sectors. It explores how prolonged economic recession prompted the Communist government to liberalise trade within the state to restore the economy with creation of formal employment opportunities.

WB was “the world’s longest running democratically elected communist state” (Steur and Das, 2009:67). It had been ruled by the Communist Party of India (Marxist) (CPIM) uninterruptedly for 34 years (1977 to 2011) following the political doctrine of Marxism-Leninism. The state is now led by a non-communist political party Trinamool Congress (TMC), which been in power since 2011; the political-economic trajectory of the state has remained much more complex. Neoliberal ideologies, which are fundamentally antagonistic to communism/Marxism, were adopted during the CPIM years in power (Khasnabis, 2008). The co-existence of contradictory ideologies in WB has made it more difficult to understand the ongoing political-economic issues that have developed around the free-market economy. This can be explained to some extent if have a look at the complicated economic scenario of WB and its complicated state politics.

WB experienced a century-long agricultural stagnation from 1881 to 1981 (Bandyopadhyay, 2003). In the 1980s, the state experienced “spectacular” growth in agricultural production, part of which is often attributed to the land reform policies adopted by the leftist ruling party since the late 1970s (Sarkar, 2006). Land reform involved the redistribution of agricultural land to reduce the economic gap between large and small/marginal farmers and to assure the security of landholding either through transfer of land ownership (known as ‘patta’) to the farmers or through offering them ‘permanent rights’ (known as ‘barga’) to cultivate (Srakar, 2006). This resulted in greater economic and psychological stability for the small/marginal farmers and even the share-croppers, eventually leading to a growth in agricultural output (Banerjee et al., 2002). Sarkar (2006) argues that the major reason behind the success was the introduction of high yielding (yet labour-intensive) seeds of ‘boro’ rice (a variety of rice grown in the spring dry season), which came to be effectively cultivated in the fragmented lands of WB small farmers.

The special emphasis on economic decentralisation distracted the focus from agricultural production and it eventually resulted in a gradual deterioration of agricultural productivity starting in the 1990s (Sarkar, 2006). Frontiers were brought into cultivation of boro rice (Sarkar, 2006:343). As boro is a water-intensive crop, its production had to be discontinued due to water scarcity. Additionally, the “faulty marketing strategies” of the state (such as the imposition of rigid licensing rules) failed to capture the external markets in other Indian states or overseas (Sarkar, 2006:343).

WB, which used to be a leading industrial state with huge success in the steel, jute and textile industries, also lost its industrial dominance at the national level (Khasnabis, 2008). While agricultural production was at its peak, the industrial sector experienced decline from the 1980s (WB Human Development Report, 2004). Industrial production came down to 4.6% in 2007 from 24% in 1947 of total output in WB. This is generally attributed to the CPIM government's focus on the agricultural sector. At the same time, growth was witnessed in informal industrial sectors (Sarkar, 2006). The slow industrial growth in the formal sector led to shrinkage in the urban support base for the leftist government (Khasnabis, 2008); however, the decentralisation policies and support for informal economies helped the CPIM continue in power (Sarkar, 2006). Sarkar (2006) found that between 1980 and 1998, the employment-rate in the formal sector showed a strong negative trend.

Khasnabis (2008) argues that the leftist political party's long period in power in WB promoted small farming and small industrial enterprises. Initiatives for small-scale and cottage industries in rural Bengal increased the percentage of especially female workers (Khasnabis, 2008). However, the overall unemployment crisis was aggravated as formal sector employment continued to diminish with the decline of the formal economy. Informal and marginal occupations became the livelihood of a large section of the population (Sarkar, 2006).

Thus the long period of below-average economic performance in the post-colonial period has led it to adopt a neoliberal ideology rather than sticking to an ideology of distributive justice. The encouraging of big capital to grab the 'market of small units' was started by the communist government itself to overcome the problems of slow economic development and unemployment and underemployment (Khasnabis, 2008:114). Thus the state has followed a multifaceted trajectory of political-economic ideologies.

In 2011 the Indian government ruled to allow 51% of foreign direct investment (FDI) in multi-brand and 100% FDI in single brand retailing within a broader plan to revitalise the economy (PTI, 2015). The state (now ruled by a non-Communist background) has opposed to implement the same, anticipating the resultant socio-economic vulnerabilities of the major stakeholders (NDTV, September 15, 2012).

This section shows how WB has followed a complex course of political-economic ideologies. In the following sections, therefore, I will explore the vulnerabilities of small-scale agricultural (section 3.3) and retail sectors (section 3.4) under neoliberal economic conditions. These will help us to understand the impact of neoliberal capitalism on low-cost entrepreneurship in context of our study area in WB.

3.3 Corporatisation of agriculture under conditions of neoliberalism: The scope for survival of small-scale farmers

The issue of capital accumulation through the expansion of corporatised agriculture is a matter of serious socio-economic concern in India where agriculture is primarily subsistence based. Small and marginal farmers comprise about 83% of the total agricultural workforce (Chand et al., 2011) (see Table 3.1 for definitions). Therefore, the advent of neoliberal capitalism in the farming sector will affect the majority of the agricultural population and in that case the risks related to subsistence farming are likely to be exchanged for the risks related to the transformation of farming by big business (Pingali and Rosegrant, 1995). Regardless of these risks, the Indian agricultural sector has been in need of “a big push to make the development process broad-based” (Panda, 2008:38). Improvements in agriculture have been neglected for years by policymakers due to an emphasis on the attainment of “sustainable self-sufficiency in food grain production” since the mid-1980s (Reddy and Mishra, 2008:42). However, it has been argued that the acceptance of neoliberal remedies to “push” the agrarian sector can mean that the entire economy faces social and economic challenges as it impacts on the power of farmers and eventually excludes them from the policy-making processes and leads to lower returns (Rao and Suri, 2006). Therefore, the consequences of a turn to corporate farming can affect the national economy as a whole in which more than 45% of the working population earn their living from the agricultural sector (National Sample Survey Office (NSSO) 68th round survey: see Shaw, 2013).

Table 3.1**: Categorisation of farmers by size of landholdings**
[Based on NSSO data (59th Round Survey)]

Class of Farmers	Size of landholdings
Large	More than 10.00 hectares
Medium	4.01–10 hectares
Semi-medium	2.01–4.00 hectares
Small	1.01–2.00 hectares
Marginal	0.01–1.00 hectare
Near-landless	less than 0.01 hectare

Source: Reddy and Mishra, 2008

WB is currently performing low in terms of land productivity and crop intensity though agricultural production is above national levels (NABCONS, 2013). The state adopted a modified rationing system (replacing the statutory one) in 1944 when the distribution of food grains became a serious concern after the famine of 1943, which took between 3 and 4 million lives due to starvation (Sen, 1982). Consequently, all ruling parties (and especially the CPIM) had focused on the public distribution of food grains such as rice and wheat throughout the political history of WB rather than on increasing of food production (Bandyopadhyay, 2003). Additionally, WB had remained 'neglected' insofar as the execution of Green Revolution policies were concerned (Cleaver Jr., 1972).

Despite the fact that WB hardly could manage to show any vertical improvement in terms of agricultural productivity, it achieved "horizontal spread of growth" (Sen, 1992:10). It showed "signs of dynamism in agriculture" (both for food and cash crops) in the 1980s which was largely due to the "tenancy reforms, decentralised and village-level planning of infrastructural investment" (Sen, 1992:10). The WB government removed absentee landlords (formerly known as "zaminders") from large holdings by redistributing about 252,000 hectares of land among a million households in the 1960s (Harris-White, 2007). Later the CPIM government imposed a 'land ceiling' law for the distribution of small-scale land plots over a 'statutory maximum' to the poor (Guha, 1982; Cohen, 2013). This resulted in virtual abolition of the absentee landlords (Bhattacharyya, 1999). The implementation of these policies led to a speedier growth of value-added output (even more than gross output). WB was the only Indian state which took 'Operation Barga' (a programme for share-cropper registration that confirmed a minimum share of tenant's output and protection against eviction) seriously in the 1980s (Mookherjee, 2013). However, Bardhan and Mookherjee (2010:1598) argue that the execution of land reform programmes was not steered by the "control exercised by the Left-front coalition over local governments, combined with a stronger ideological commitment"; rather it followed "electoral opportunism". Consequently the Communist government showed itself reluctant to implement further land reform after it had taken control of the local governments, starting with the 'Gram Panchayats' (village-level administrations).

Nevertheless the protection strategy for share-croppers and regulation of share-cropping agreements increased tenancy security and induced growth in agricultural returns (Banerjee et al., 2002). Analytical results of the 'household panel data' (1967-2004) show that the land reform policies reduced the inequality of land ownership; yet, the 'positive' effects were, it has been argued, outstripped by sequential alterations in land markets, household division and migration flows (Bardhan et al., 2011). Farm productivity has almost ceased rising since the mid-1990s, and this has been accompanied by a significant downfall in per-capita landownership and land per household (Mookherjee, 2013). A report by NABARD[4] Consultancy Services (NABCONS, 2013) suggests that WB should increase its agricultural productivity and cropping intensity for both cereals and non-cereals. The ever increasing size of the population due to high fertility rate and immigration is the root cause behind low per-capita productivity and continuous pressure on agricultural lands.[5] Consequently this leads to some related environmental degradation such as worsening soil quality as farmers desperately exploit the land to its maximum. The adoption of scientific farming techniques and improvements in infrastructure with maturity of the existing human resource base can help overcome such difficulties. However, such remedies are difficult to adopt in a state like WB where land redistribution policies have created an abundance of fragmented holdings mostly occupied by the small and marginal farmers who comprise about 96% of the farming community of WB (Census of India, 2011).

Despite success in the production of rice (top state in India in terms of output), vegetables (also top) and potato (second), the Department of Agriculture (2013) admits that the massive potential for horticultural and plantation farming has yet to be reached more systematically, either through horizontal (farmland expansion) or vertical integration (enhanced productivity). Proper marketing of agricultural produce along with capital investment in the farms may be a solution. The NABCONS report (2013) suggests that the 1971 Agricultural Produce Market Act should be implemented more enthusiastically with some amendments (as per recommendations from the central government) to promote agricultural business. The state government is now thinking of adjustments to the Act so that more large corporate firms can be attracted to procure agricultural produce in WB (NABCONS, 2013). But the crucial question is how the traditional farming community in the state, dominated by small and marginal farmers, can interact successfully within a corporate farming environment.

In most cases, market liberalisation in developing countries along with the co-ordination of standards and the promotion of FDI altogether make it very difficult for small farmers to cope with the changing market system (Stanton, 2000). However, scholars such as Vorley et al. (2007) argue that corporate-driven policies can potentially reshape the agricultural sector of a developing economy through some organisational and institutional changes. Organisationally the process can shift the agglomeration of agricultural resources, specifically land resources; while institutionally, it

[4] National Bank for Agriculture and Rural Development (NABARD) is the pre-eminent development bank in India.
[5] WB has a population density of 1029 people per sq. km (Department of Agriculture, Government of WB, 2013).

demands newly developed technologies and expertise to satisfy product specifications (Vorley et al., 2007). The current state of the agricultural sector of WB suggests that it needs to adjust to all kinds of alterations which can be effected through corporate interventions. The consequences of such alterations are the main source of concern today.

The principal reason for selecting Bardhaman district as a site for my investigation of the impact of corporate expansion into agriculture is its significant production capability, which can be tapped into by capitalist firms. The district is a frontrunner in commercialised agricultural production with favourable physical factors – broad agricultural plains, suitable climate – and good irrigation facilities with interconnected canals supported by Damodar Valley Corporation (DVC) thermal and hydro-power plants. It has remained the most prominent agricultural district in WB by virtue of its diversified cropping pattern ranging from rice, particularly Boro (harvested in summer), potatoes (HYV variety 'Jyoti'), pumpkins, wheat, and the mustard plant (Palaskas and Harriss-White, 1993). Bardhaman is known as "the granary of West Bengal" (Webster, 1990:177) and has immense potential to become an important procurement hub for the corporate sector. However, the district is aligned with the average landholding pattern of the state. The prevalence of small and marginal farmers intensifies the risks that neoliberal economic policies create capital accumulation at the cost of the financially weaker sectors of the economy.

Vorley and Fox (2004) suggest that small-scale and family farmers should re-organise and adapt themselves to the changing market-oriented reality to exploit opportunities to extract comparative advantage. However, the involvement of small farmers in corporate food chains does not only depend on their own decisions. The managerial outlook and policies towards cost effectiveness of corporate firms generally influence their approach to the recruitment of farmers. Reardon et al. (2009) found issues involving transaction costs and labour costs associated with smallholders. Smallholders have "lower labour costs, potentially outweighing economies of scale of larger farmer" while this cost discrepancy is related to the "elasticity of substitution between labour and capital" (Reardon et al., 2009:1721). Nevertheless, high transaction costs (i.e. the cost of supervising, training and co-ordinating many small farmers) serve to deter capitalist firms from incorporating small and marginal farmers. Several case studies – for example, Dolan and Humphrey (2000) in Kenya, Carter and Mesbah (1993) in Chile, Weatherspoon et al. (2001) in sub-Saharan Africa -- suggest that rapid consolidation of supply chains through corporate interventions can lead to the exclusion of small farmers. Berdegue et al. (2005) show that corporate retailers in Guatemala prefer to make contracts with large growers (of bananas and mangoes) where large and small farmers co-exist; but they procure from the small growers if they are in the majority (for example, for tomatoes).

The same preference for large farmers is prominent in India as well. Singh's (2002) work in the Indian Punjab suggests a corporate bias towards engaging large farmers. The case of WB is, however, quite different. In Punjab, the percentage of large landholdings is higher than in WB and than the national average (CED, 2009). Given the abundance of small and marginal farmers in WB resulting from its land redistribution policies, corporate strategies have to be modified to local circumstances. As far as WB is concerned, big corporations are left with very little option other than dealing with the smallholders, who comprise 96% of the total agricultural workforce of the state. Rudra's observations (1987) suggest that many of the Bardhaman areas perform well above the state average because of advanced irrigation systems, abundance of tractors, and HYV seeds. While there are only a few large farms in the district, it is primarily populated not only by small and marginal farmers but also by a "significant number of completely landless households" (Rogaly, 1997:66). Notwithstanding the points made above, it is easy to imagine that their economic and technological limitations, alongside their lack of exposure to big business, will make them easily manipulated by corporations through tight contracts and product specification criteria.

3.3.1 Economic implications of neoliberal capitalism in small-scale agricultural sector

There continues to be much debate over the role of corporate intervention in financing resource-poor farmers in developing economies (as will be discussed in this sub-section). Certain scholars such as Glover and Kusterer (1990) and Reardon et al. (2009) believe in the ability of corporatised involvement in farming to solve financial issues of farmers. After a review of a number of international case studies, the sub-section reviews empirical research in the Indian context.

Glover and Kusterer (1990) argue that corporatised farming can become a means of economic 'success' for small farmers in Latin America and Africa, ushering in constructive changes to their farming within a comparatively short time span. The formation of effective marketing cooperatives of small farmers has also helped them to take competitive advantage of neoliberal economic practices by bringing down the transaction costs for corporate giants, thus enabling the small farmers (Reardon et al., 2009). Examples given in the literature include Mahagrapes, an export firm run as a partnership between 16 Indian grape-grower cooperatives (Bakshi et al., 2006). Berdegué's study (2001) in Chile infers that only cooperatives with efficient management skills and a multifaceted set of assets can survive such competition; consequently, the long-term success of such cooperatives is rarely found, as many of them fail to make necessary investments and adaptations to changing capitalist markets. Scholars such as Minten et al., (2009) and Benziger (1996) suggest that certain initiatives can be taken from the corporate firm's side also to help their contracted farmers. Small farmers can succeed even in a capitalist environment if they are provided with proper incentives (Minten et al., 2009). Apart from the monetary return, some special inducements like loan waivers, provision of inputs and proper training (at least at the initial stage of contracts) can be useful for small farmers (Benziger, 1996:1685). In an India context, anxiety over low income, lack of financial institutional facilities, a heavy debt burden, high interest rates and continuous pressure from village money lenders sometimes compel small and marginal farmers to commit suicide. Mohan Rao (2004) pointed out, based on 337 media reports on Andhra Pradesh farmers, that such suicide cases are more common in areas with small landholdings, and above all continuous harassment by village moneylenders and other creditors. Contracts with a corporate firm, therefore, can be financially helpful by creating potential income opportunities as corporate value chains usually produce more market responsive non-traditional agricultural products by providing necessary inputs, credit facilities and technical support (Glover, 1984; Goldsmith, 1985).

The International Food Policy Research Institute (IFPRI) found that financial gain is higher for farmers (including the dairy farmers) working under contract with corporate firms and global retailers. Statistically, in India, their net profit is about 78% higher for contracted vegetable growers and 13% for contracted poultry farmers compared with their non-contracted counterparts. Even the production costs borne by contracted farmers were much less than those of the non-contracted ones – for example, 21% less for milk and vegetables (Reardon and Gulati, 2008). Gupta et al. (2006) estimated 33% higher net profit for farmers contracted with Milkfed, a dairy cooperative in Punjab, while Bakshi et al. (2006) calculated 38% higher yearly profit for the growers of Mahagrapes. The success of the Mahagrapes contract farmers suggests that Indian small croppers can thrive even in global markets. As I shall discuss in more detail in chapter 6, in a project undertaken by PepsiCo India, the Indian subsidiary of American multinational PepsiCo Inc., contract farmers in WB managed 100% crop growth in 2010 showing an exceptional rise in farm income (Gupta, 2012a).

Corporate contracts are also considered by some writers to be economically advantageous for farmers since they remove intermediaries and middlemen from corporate-driven supply chains. Distribution systems associated with traditional agriculture are usually characterised by various types of intermediaries and this weakens the linkage between farmers and markets (Simmons, 1975). On the other hand, big corporations practise effective control over the supply chain through direct interaction with farmers (Coe and Hess, 2005). Empirical evidence suggests that often the middlemen are forcefully removed from the supply chains, as was done, according to Tokatli et al. by M&S in Turkey, India and Hong Kong. In India the intervention of middlemen in the agricultural procurement chain is a persistent problem hampering revenue inflows to farmers.

Jadhav (2012) found that the Indian farmers receive only one-third of the price paid by consumers for food staples and 12-15% for horticultural produce, while the remainder is taken as commission and mark-ups by intermediaries and retailers. A study of potato growers of Hugli and West Medinipur districts of WB reveals that the intermediary margin is “at least 34% of the farm-gate price” and it can be as high as 89% during the harvesting season if potatoes are resold immediately after being purchased from the farmers (Mitra et al., 2012:3). Sometimes small farmers have no option other than selling their perishable produce to intermediaries immediately after harvest as they lack proper storage facilities (Chakraborti, 2012). Pulamte (2008) estimates that such wastage is about 10% for vegetables like potatoes and onions and 10-20% for cabbages and cauliflower in WB. Corporate strategies can solve such problems by setting up a properly managed and systematised linkage with farmers for procurement processes (Gupta, 2012b). Moreover, the direct contractual agreements will help farmers to achieve better prices sidestepping the middlemen. Chakraborti’s study (2012) in WB (North 24 Parganas and West Medinipur districts) reveals that vegetable growers and commercial croppers have increased their profit margin by selling products to retail chains like Metro Cash & Carry (German) and Big-Bazaar (Indian) rather than selling them to traditional retailers and losing a share of income to middlemen. The scenario is almost the same in Bardhaman. Considering the “inefficient supply chain” with interventions by “multi-level intermediaries between farmers and direct consumers” in Bardhaman district, Roy and Kumar (2012:223) insist on the need for farmers to be able to sell their produce at a sensible margin. They suggest that capital investment for agricultural marketing (whether from domestic or foreign sources) can play the role of “powerful catalyst” to protect the economic interests of the farmers. However, corporate-driven supply networks can make many of the self-employed middlemen jobless and intensify the problem of a displaced workforce. Joseph et al. (2008) found that in India, intermediaries experience some “adverse impacts” in terms of total turnover and profit margins due to the expansion of modern domestic supermarkets specifically in dealing with products like vegetables and fruit and clothing. On the other hand, the farmers are eager to be rid of interference from intermediaries in an organised way. For example, the All India Vegetable Growers Association (AIVGA), working in nine states including WB, showed their interest in retail reform through FDI in the belief that the association of farmers with foreign firms can help them earn higher financial returns by sidestepping the middlemen (Kasabe, 2011).

Despite these possibilities, the susceptibility of small farmers with their financial and technological constraints to eventual insolvency due to corporate encroachments have been exemplified through a number of case studies in different developing economies (see for example Schwentesius and Gómez, 2002; Berdegué, 2001). Therefore, it is a little difficult to judge the economic significance of neoliberal policies in a developing agricultural economy like WB's, which is dominated by the resource-poor small and marginal farmers. Berdegué's (2001) empirical findings in Chile argue that the economic success of smallholders is only experienced at the initial stage. Their struggle to offset the procurement costs, large amounts of unaccepted produce along with additional costs to guarantee quality standards to meet the tight specifications all contribute to further indebtedness. Moreover, the additional legal liabilities such as tax payments make them poorer at the end (Berdegué, 2001). Such examples are not rare in India as well. While Mohan Rao found in this 2004 study of farmers in Andhra Pradesh that higher income from contract farming is needed to enable farmers to free themselves from cumulating debts, Mohankumar and Sharma (2006) argue that such exposures in the state of Kerala has led many farmers to become severely indebted to moneylenders. They found that farmers borrow money at high interest rates often from informal sources when other sources such as nationalised banks are unwilling to lend to cope with the technology and procurement costs to meet the product-specification criteria of corporate firms. Nair and Menon (2004) as well as Mohankumar and Sharma (2006) blame the expansion of the neoliberal economy for the socio-psychological stress of small farmers; because they are the most vulnerable section of the farming community to market swings whether due to natural calamity or depressed world prices as they do not have any standby resource-base to help them overcome such difficulties. The same situation applies to farmers in WB also who survive with very limited resources.

The idea that contract farming produces higher monetary returns has also been challenged by Vidyasagar and Chandra (2004) in the context of Indian farmers. Their empirical work in Andhra Pradesh shows that 55% of commercial oilseed producers including marginal, small and even medium growers in the state do not even get the minimum support prices (MSP) as the increased volume of imports reduces domestic prices and returns. Some critics have tried to 'depoliticise' the issue of farmers' suicides in Kerala by arguing that the indebtedness of farmers was a result of personal circumstances, for example, ill health (Mohanakumar and Sharma, 2006). However, I would argue that this also suggests the unsuccessful implementation of neoliberal remedies, which failed to allow Keralite farmers to meet their personal financial requirements even after being bound into the global supply-network.

This sub-section has helped us understand the variety of consequences on small-scale low-cost farmers in a neoliberal capitalist economy as well as the concerns they face. In the following sub-section, I discuss the social issues that have developed around the corporatisation of traditional agricultural economies around the world as well as in India.

3.3.2 Social implications of neoliberal capitalism in the small-scale agricultural sector

This sub-section looks at the social outcomes on small-scale agriculture due to the expansion of corporatised farming in WB. It infers that the exercise of power in the name of development is a common practice in a neoliberalised economy.

As found in the previous sub-section, small farmers might gain certain economic opportunities from contracts with the corporate sector; but the advantage of the lower cost of engaging small farmers will amount to little for the corporation unless they can meet its requirements on product specifications, quality standards and schedule. This is why small farmers are usually avoided in the procurement process of large buyers (Reardon et al., 2009). But there can be exceptions when the big corporate firms consider the smallholders to be more “controllable” with fewer risks as has happened in Madagascar (Minten et al., 2009) and China (Miyata et al., 2009)]. This can be seen as the start of the proletarianisation of small farmers under capitalist regime intent on dismantling traditional low-cost entrepreneurship. Consequently, the development of power relations has led to a situation in which power is concentrated in hands of those who accumulate capital. Little and Watts (1994) see such power imbalances between giant corporations and small farmers to be the most unwanted social consequence of contract farming. It often leads, so scholars have argued, to the loss of farmers’ sovereignty as the growing dependence on contractors makes the farmers more susceptible to exploitation (Singh, 2002; Kirsten and Sartorius, 2002). Porter and Phillips-Howard (1997) suggest that most of the ‘negative’ impacts of contract farming are generated out of the uneven relationship between the farmers and the contractors because contractors are always in a position to exercise control over the farmers and also to pursue a non-competitive behaviour to impose unfair terms in the contracts (as discussed in detail in Chapter 2). For example, contract agreements between seed growers and Pepsi Food Limited (PFL) in Punjab (India) were so rigid that each part of the plants germinating from the seeds provided by PFL was considered to be the sole property of PFL and the producers were legally responsible to provision or compensate PFL even in the case of crop failures due to natural catastrophes, while PFL had every right to terminate the contract as an immediate action (Singh, 2002). Even domestic agro-food firms (e.g. Nijjer Agro Foods Ltd. in India) practise inflexible contracts which specify that "if the company's factory is out of order due to some reason beyond its control, then the company will not be liable for any loss to the grower" (Singh, 2002:1633). Such power relations are quite common in developing economies, and the agricultural sector in Bardhaman and the rest of WB can be expected to undergo the same experience.

The exercise of power in a neoliberal economy may come in various guises that expose financially weaker units to further socio-economic vulnerabilities. This might be the result of the land-acquisition policies of governments "that function as 'comprador bourgeoisies'" in the name of development (Sassen, 2013:43). In a corporate food regime, smallholders can be integrated into the value chains of commercial farming (McMichael, 2012). Sometimes the firms pursue a "unifying ideology" for consolidation of fragmented smallholdings occupied or accessed by small farmers to "improve rural incomes" by overcoming the difficulties of low productivity and underutilisation of land (McMichael, 2012:683). However, their main intent is to maximise productivity through the optimal utilisation of resources with effective economies of scale. The risk posed by these unequal power relations is especially severe in WB because the imposition of land ceilings and redistribution of landholdings have shrunk the quantity of "operational lands" (Ghosh, 2010:1017). This is all the more so in Bardhaman, where the average size of landholding is about 1.73 hectares and therefore a smallholding under the NSSO classification (see Table 3.1) (Ghosh, 2010).

The expropriation and acquisition of land by corporations has provoked resistance on the part of farmers. Small farmers in China have experienced severe problems as a result of land expropriation by the state for leasing out to foreign retailers (Gilmour and Gale, 2002). Indonesian farmers have experienced social and economic turmoil as a result of the acquisition of land by regional and international corporations for conversion to oil palm plantation. About one-third of landholdings used to belong to small farmers who were growing oil palms before the arrival of capitalist firms came, while some farmers found themselves forced to grow oil palms on their land under contract. Many of them were not only compelled to supply firms at a marginal remuneration while becoming increasingly indebted to the firms, but they were even "defrauded" and faced "human rights abuses" (Colchester et al., 2006:15).

These examples raise critical questions about neoliberalisation of agriculture in WB, where farmers have vigorously resisted land grabs, if in a different context (Sanyal and Bhattacharyya, 2009). One of the most significant attempts to grab land, undertaken by the WB government, was in Nandigram (East Medinipur district), where an Indonesian company was contracted to start building a SEZ for the petrochemical industry in 2007. The protests eventually resulted in the death of 14 people and "many more raped and injured by police and party thugs" (Levien, 2012:933). This turmoil "shook the state and central governments" leading to a transitory suspension of SEZ projects nationwide (Levien, 2012:933). In spite of that, the desperate attempt to grab land by the WB government continued in Singur (Hugli district) in 2008, this time for a car factory of the Tata group (an Indian multi-national) to be built on farmland. This project also retreated in the face of resistance from farmers and opposition political parties.

Such repeated incidents not only point to the precarious nature of the livelihoods of small-scale farmers in a neoliberal economy, but also pose a serious question about the power of the state to acquire and hand over land from farmers to corporate firms (global or domestic) for the sake of a "hyper-liberalised" development process. Levien (2012:964) refers to this as the "extra-economic power" of the state "to transfer to capitalists means of production, subsistence or common social wealth that are difficult or impossible to obtain on the market". Such practices in the name of development have created a nationwide panic among farmers at what Bhaduri (2007) has termed "developmental terrorism". In WB, the anxiety around dispossession and displacement for the sake of development has induced a sense of caution towards neoliberal policies since the Nandigram episode (Bhattacharya, 2007). The Nandigram and Singur incidents are not an isolated outcome of capitalist expansion; rather development critics like Patnaik (2007:1893) consider such "tragedies" to be "inherent in the operation of a neoliberal policy regime".

In this sub-section, therefore, it is found that encouragement of neoliberal remedies in a developing agrarian economy can end up either with proletarianisation or with dispossession of people from the means of securing a livelihood. This suggests that the financially weaker sectors of the economy are helpless in the face of a capitalist hegemony that is backed by state policies implemented to achieve a wider goal of all-round economic development. However, such imbalanced power-relations eventually provoke resistance from the grassroots that can pose a serious threat to the process of free-market capitalism. The recent history of WB shows that farmers in the state are already exposed to social and economic vulnerabilities induced by neoliberal capitalism, and it can be anticipated that the expansion of the corporate food regime will intensify the severity of livelihood crises in the agricultural sector.

Alternatively, it might be argued that the present sluggish rate of agricultural growth demands corporate investments in the farming sector as suggested in the NABCONS report (2013) discussed earlier. A review of the impact of a neoliberal economic regime in other sectors of the economy can help broaden our understanding of the current conditions of those on low-cost livelihoods in the state. In the following section, I will explore how small-scale traditional retailers are affected by ongoing capitalist transformations.

3.4 Neoliberal capitalism in the retail sector: Scope for survival of the small-scale traditional retailers

Retail change in India has followed a continuous track of economic liberalisation of the consumer goods market that started after the mid-1980s and continued with an increased growth rate through the 1990s (Gupta et al., 2012). Retailing in India is one of the most prominent economic sectors contributing about 15% of GDP (about US$300 billion) and generating around 8% of employment (Patibandla, 2012), with a turnover of about US$400billion (Manocha and Pandey, 2012). The projected growth of the sector is about US$1.3 billion by 2020 (IBEF, 2017). The growth in Indian retailing is primarily backed by the emerging middle class with sufficient disposable income which is in itself an outcome of India's neoliberalising economy since early 1990s (Deshpande, 1998; Lakha, 1999). McKinsey Global Institute (MGI) (2007), the economic research wing of McKinsey & Co., estimated that if the recent reform trends in the Indian economy continue, then average household income will be tripled by 2025 (against a base year of 2005) making India the 5th largest consumer economy of the world. The size of the affluent middle class is forecast to reach 583million by 2025 boosting consumer expenditure to more than US$ 150 billion (MGI,2007; see also Beinhocker et al., 2007).

In the following parts of this section, I will explore the significance of retailing in WB along with its changing economic fortunes in the state's neoliberalising economy. Section 3.4.1 presents a contextual picture of traditional retailing in WB along with a brief history of the evolution of modern 'organised' retailing. This is followed, in Section 3.4.2, by an overview of corporate retail expansion in WB's large and small cities. Section 3.4.3 discusses the social and economic impacts of corporate retailing on the small-scale traditional sector and considers the impact of neoliberal capitalist growth on the traditional retail sector.

3.4.1 Retailing in West Bengal: A brief overview

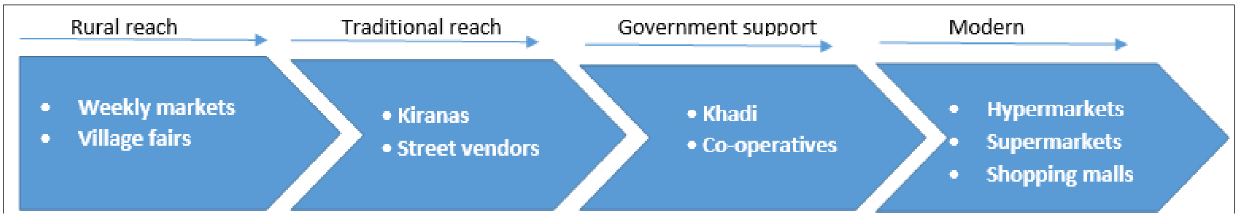
This sub-section offers a summary of traditional retailing in WB with the definitions as specified by Sengupta et al. (2007) and in NSSO (2001) of the most commonly used terms in Indian retailing. Considering the findings of various authors (such as Singh, 2012; Rangarajan, 2012 etc.), it argues that the preliminary format of 'organised' retailing developed on public initiatives that promoted the operations from vertically integrated supply chains to fair-trading activities. The discussions on 'organised' retailing (on modern capitalist) in WB continue in the following sub-section that specifically focuses on the resultant impacts of neoliberal economies on traditional small-scale retailing.

Retailing in WB (as in the rest of India) is mostly populated by traditional retailers who are conventionally categorised as 'unorganised' and are typically involved in 'low-cost retailing' (Batra, 2010). On behalf of the National Commission for Enterprises in the Unorganised Sector (NCEIUS) of the Government of India, Sengupta et al. (2007:2) specify that the term 'unorganised' embraces "all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten total workers". It is worth mentioning in this context that the 'formal' existence of an enterprise or business unit does not necessarily confirm its 'organised' status in India. The National Sample Survey Organisation (NSSO, 2001), India explains that "informal sector enterprises comprise of all unincorporated (i.e. standalone) proprietary and partnership enterprises". This indicates that all traditional retail outlets (irrespective of their trading status and tax liability) will be considered as 'informal' in India. Considering both definitions Dash (2009) deduced that the 'informal' sector is a subcategory under 'unorganised'.

Unorganised retailing generally represents the stand-alone independent stores without any procedural or accounting standardisation. These may range from stores housed in buildings (i.e. mom and pop stores, locally known as 'kirana') to handcarts, pavement stalls, street vendors and the like. Batra (2010:n.p.) argues that this 'fragmented' or 'unorganised' nature of retailing is attributable not only to deep-rooted poverty but also to the "large number of educated unemployed and superfluous labour" who take "refuge in retailing in the face of joblessness and glaring poverty". On the other hand, 'organised' retailing is characterised by the corporatised hypermarkets, retail chains and also the privately owned large retail businesses; these are essentially licensed retailers with a compulsory liability to pay sales tax (Batra, 2010). Irrespective of organised or unorganised status, retailing in India (as in WB) is essentially dominated by the food and grocery sector, which is expected to generate about 66% of the total revenue of Indian retailing by 2020 (Technopak, Indian Retail Market January 2013, Deloitte: in IBEF, 2017).

The 'unorganised' sector comprised 92% of total Indian retailing in 2015 (IBEF, 2017). It is the most visible format in the country dominating national annual retail turnover (Das, 2011; Patibandla, 2012). IBEF (2017) estimates that the market share of 'unorganised' retailing will reduce to 76% with the further penetration of modern 'organised' retailing by 2019.

Figure 3.1: **Evolution of Indian retail** (after Victoria and Ganesan, 2013)



The journey of modern retailing in India is the outcome of a continuous process of retail evolution (Figure3.1) that started with the village neighbourhood bartering system (Victoria and Ganesan, 2013). Later rural weekly markets and village fairs came to cater to the need for a common place for exchange. The need for a more formalised retail environment with better security and convenience led to the development of 'semi formalised' small grocery businesses which evolved to traditional retail formats – for example, 'kirana' stores, pavement stalls and street vendors. Subsequently with the need to have "everything under one roof" modern forms of 'organised' retail came into existence, as the socio-economic structure changed with the increasing number of well-off middle class people, and (Victoria and Ganesan, 2013:1).

Even before the advent of the modern 'organised' formats, there appeared a distinct retailing system intended to protect the interests of producers and consumers in an 'organised' way as a result of key initiatives of the central and state governments. Such initiatives were meant to encourage fair trading, efficient procurement and distribution activities and the formation of integrated supply chains. This encouraged the development of a number of government-managed, joint venture cooperative bodies, fair-price shops administered centrally by the Food Corporation of India (FCI) and regionally registered cooperatives set up by farmers. The co-operative retailing system was started "as a reaction to the feudal system" in colonial India and still continues to protect the interests of producers (Singh, 2012:24). Semi-sponsored dairy co-operatives like Mother Dairy and horticultural co-operatives like SAFAL brought a significant change to retailing concept not only by safeguarding producers but also by reaching even low-end customers by offering affordable prices (Rangarajan, 2012). In WB, the Haringhata dairy project is a successful example in this regard. Government organisations like KVIC (the Khadi and Village Industry Commission) were established as incubators for village industry; at present KVIC operates about 7000 retail outlets countrywide (Singh, 2012). Such examples can be recognised as established 'organised' forms of retailing though not in a modern format. In fact, I would argue that the roots of 'organised' retail in India lie in the retail chain of fair-price shops locally known as ration shops which offer food and non-food items at subsidised rates under the Public Distribution system and are a re-introduction of the food rationing system implemented by the British during World War II (Singh, 2012). However, most of these ventures focus on particular income groups, mostly lower and lower-middle classes, and deal with a handful of products only.

Throughout contemporary India, 'organised' retailing is emerging as exclusively private sector (mostly under leading brand names) targeting the growing middle class and especially younger people with sufficient consumer income, emphasising quality and modern environment. These are expanding nationwide in various formats (convenience stores, supermarkets, hypermarkets, etc.). The metropolitan centres are experiencing a considerable growth in supermarket construction. Even when the retail sector encountered a severe contraction in 2008-09 (due to 'over reach' by some retailers against the backdrop of worldwide economic turmoil), it was estimated that "if the country's economic march continues, supermarkets will be a growing part of the commercial and consumer landscape of this 'new India'" (Pritchard et al., 2010:435).

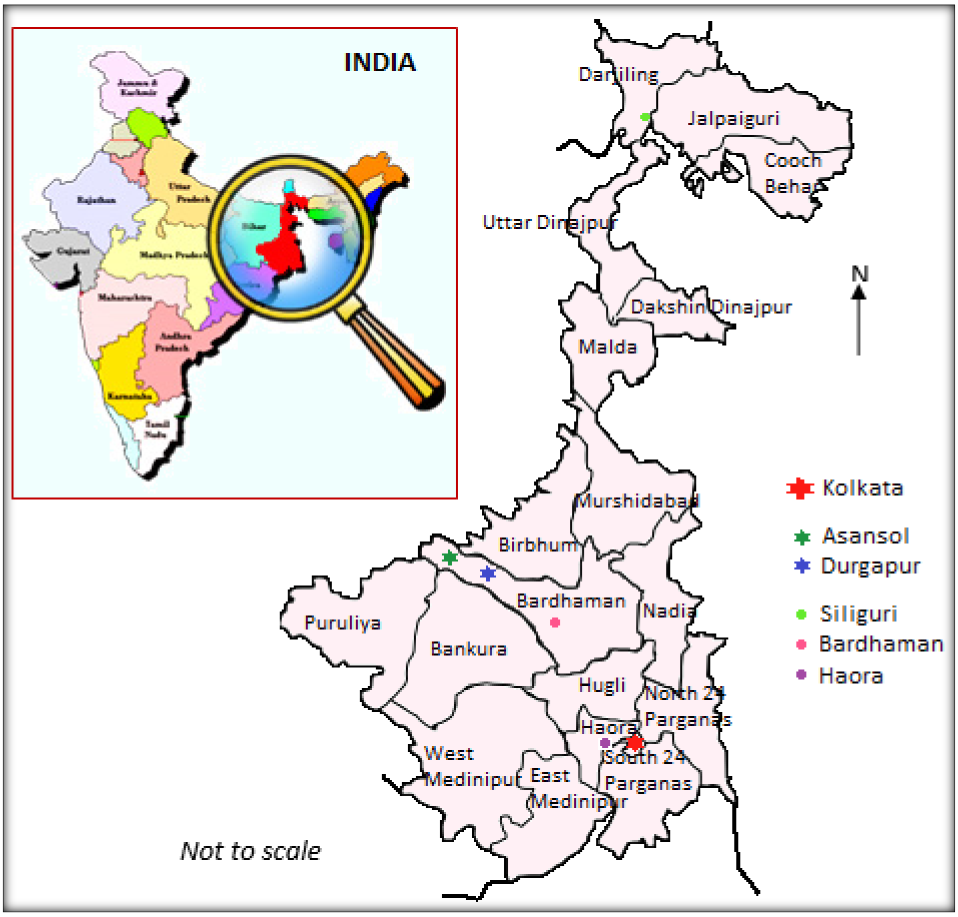
As I have seen here, however, WB does not mirror the trends of retail change as strongly as other parts of the country. WB had a long political history of maintaining communist ideologies that kept the growth of corporatist capital restricted within the state. In the following sub-section, I will explore the expansion of modern retail chains in WB with brief discussions on neoliberalisation and urbanisation policies that helped in building up a middle class consumer consciousness in WB.

3.4.2 The expansion of 'organised' modern retailing: An overview in the cities of West Bengal

This sub-section discusses the significance of the state capital Kolkata and other growing cities on the retail map of WB. It argues, following Kalish and Planer (2012) that neoliberal ideas were intended to introduce an IT boom in the state that helped build up an affluent middle class with higher demands for consumer goods; and this, in turn, encouraged the expansion of corporate retail chains. Using the store-location data of leading corporate retailers, they find that the flourishing market for the middle classes is attracting the corporate chains beyond the state capital, Kolkata. In this context, it explores the significance of small towns and cities in the state economy with special reference to two cities of Bardhaman district.

Véron (2010) argues that the communist government of WB followed a trajectory of decentralisation and concentrated on 'brown agendas' (tackling more localised environmental health issues) while 'green agendas' (tackling longer-term, often global concerns) remained an extraneous priority for the state. In spite of that WB has gradually stepped into the process of neoliberal 'reform' in different economic sectors including retailing. Kolkata has immense retail potential to generate very high revenue for the modern retail chains keeping pace with the tastes and preferences of the affluent middle class over the last 20 years (Kalish and Planer, 2012). The increasing middle class population of the state is considered to be the result of an influx of foreign investment in the manufacturing and service sectors with an emphasis on IT which was started by the Communist government in tandem with nationwide neoliberalisation under the guidance of the central government in 1990s. In recent years this IT boom has induced economic growth in the state capital to such an extent that it made the Indian government promote Kolkata as nation's the "second financial hub" after Mumbai (Kalish and Planer, 2012). "Given the relatively low cost of living in Kolkata and abundance of skilled labour, the region is attractive to both foreign and Indian multinationals" (Kalish and Planer, 2012:16).

Figure 3.2: **Important destinations (in West Bengal) for organised modern retail chains**



I prepared this map (figure 3.2) to show those specific cities (on the district map of West Bengal) which can be marked on retail landscape of West Bengal

- These are the main cities which are experiencing the retail transformation due to neoliberal policy implications.
- Kolkata being the state capital inevitably dominates the retail map
- The dominance of Asansol and Durgapur over other cities has made Bardhaman district the second most significant destination for domestic organised retail chains.

According to sources within the sector, the city has been exhibiting a consistent pattern of expenditure unlike other tier-one cities (FashionUnited Group, 2012). Planet Retail (2012, in Kalish and Planer, 2012) estimated that the city experienced per-capita retail sales of about US$1,011 in 2012 (against the national average of about US$674) while customers' spending capacity is also higher than any other key metropolitan cities like Delhi, Mumbai or Bangalore. Presently the "domestic giants" are extending their networks in Kolkata taking opportunity of the "relative absence of foreign players" (Kalish and Planer, 2012:16). But they are also expanding their networks even in smaller cities and towns across WB, taking advantage of changing patterns of consumer behaviour, lifestyle and preferences (D&B, 2013). Apart from Kolkata, Asansol and Durgapur top the target lists of most domestic corporate retailers (though far behind Kolkata), although a few more cities like Siliguri (in Darjeeling district) and Bardhaman are also gradually appearing on the retail map of WB (figure 3.2). Thus the small cities of WB (specifically Durgapur and Asansol) are absorbing neoliberalisation in a gradual yet steady manner. It reflects a new trend of retail modernisation from the conventional tendency of concentrating in and around the key metropolises which Bunnell and Maringanti (2010) call "metrocentricity". This may link back to the significance of socio-economic and ecological linkages of such cities to their 'rural hinterland' and their additional role as an intermediary economy between rural areas and metropolises (Bolay and Rabinovich, 2004). Additionally, Rondinelli (1983:379) suggests that such small cities are the gateways for rural populations accessing urban services and facilities which often include "non-agricultural employment opportunities" and "incentives for the commercialisation of agriculture". Consequently, these smaller urban centres gain a competitive advantage in the urban hierarchy (Bell and Jayne, 2009). This argument is applicable in the WB context as the smaller urban agglomerations are the only links in terms of marketing, commerce, transportation and services that bridge the gap between large cities and villages; the importance of such small towns becomes more prominent if I consider the rural status of the state with about 68% rural population (Census of India, 2011, cited in Bose, 2011). It is this that corporate retailers seek to take advantage of.

In addition, the state government's policy of 'reduced urban bias' since the 1970s (which was reflected in growth of public expenditure in the rural economy) has indirectly helped the small towns and cities to develop at a faster rate compared to the pre-independence period (Giri, 1998). The agrarian growth of the 1980s resulting from land reform policies and increased public expense in rural areas coupled with an "equitable sharing of agricultural surplus" led to the expansion of rural markets (Giri 1998:3038). This instigated a "location shift of various secondary and tertiary activities" around rural areas eventually leading to the "endogenised" growth of smaller urban entities in parallel with the urban dominance of Kolkata (Giri, 1998:3038). Some of these towns have evolved into cities by virtue of their local economies.

On the other hand, cities like Asansol and Durgapur, (Durgapur is the study area for empirical research on small-scale traditional retailing in Chapter 7) have appeared very prominently on the urban map of West Bengal with different policies. The dominance of such cities are also related to "India's "bypass" approach to urbanisation" which was implemented to develop newer towns not merely to decongest the older metropolises but rather to “bypass” them (Bhattacharya and Sanyal, 2011:41). The “bypass approach” promoted a new prototype of production and market operators that helped to carve out a new ‘economic space’ sidestepping the usual metropolitan centres (Bhattacharya and Sanyal, 2011). Thus the development process of the industrial city of Durgapur is different from that of the other small Indian cities many of which came out of historical or market forces – what Denis et al (2012) referred to be ‘subaltern urbanisation’. Rather it is designated as the ‘second planned city’ in India with the establishment of Durgapur Steel Plant followed by numerous other industrial units of national significance (discussed in Chapter 7).

Coal-mining around Asansol, today the second largest city in WB (Census of India, 2011) and the steel industry of Durgapur, the biggest industrial centre in the state, have added a new dimension to the concept of diversified ‘economic space’ that ultimately has increased the attractiveness of these cities for capital investment. The economic alignment of such cities has probably helped them to adapt faster to economic transformations. Location data on company-specific websites of modern domestic retailers show that Asansol and even more so Durgapur are the most significant destinations of modern retail chains after Kolkata (see tables 3.2 and 3.3). In addition, some other cities like Bardhaman, Siliguri, Howrah, Darjeeling and Haldia etc. are experiencing retail transformation though transformation is most prominent in and around Greater Kolkata.

This sub-section offers an overall scenario of corporate retail expansion in the urban agglomerations (Kolkata and beyond) of WB. The two major cities of Bardhaman district, Asansol and Durgapur, have become the most prominent hubs for the giant pan-Indian retail chains by virtue of the market formed by middle class customers who are primarily dependent on white collar jobs in manufacturing and service sectors. In the following sub-section 3.4.2.1, I will examine the expansion of the modern retail sector in WB in more detail.

3.4.2.1 The leading players of retail transformation in West Bengal

Based on the data and information available on company-specific websites, this sub-section will provide a brief outline of the leading supermarket chains operating within WB such as Food Bazar, More, Spencer’s Retail, Reliance Fresh and Arambagh’s Food Mart. Data on the chains and their network of stores in Kolkata and Bardhaman district are presented in Tables 3.2 and 3.3 respectively.

Table 3.2: **Leading domestic 'organised' retail chains in WB**

Food Bazaar [1]	A supermarket chain managed by Future-Retail, a flagship company owned by Future group.
More [2]	A multi-format chain, operating through supermarkets and hypermarkets, of Aditya Birla Retail Ltd., the retail wing of Aditya Birla Ltd.
Spencer's Retail [3]	A multi-format retail chain run by the RPG group with its headquarters in Kolkata operating convenience stores (known as Spencer's Neighbourhood) and hypermarkets (Spencer's Hyper).
Reliance Fresh [4]	A retail chain specifically functioning through a convenience format, part of Reliance Industries Ltd., which also runs hypermarkets in the name of Reliance-Mart.
Arambagh's Food Mart [5]	A convenience retail chain operating within WB only

Sources: (1) Future Retail Limited, 2017, (2) Aditya Birla Retail Ltd., 2015, (3) Spencer's Retail, 2016, (4) Reliance Retail Ltd., 2017, (5) Arambagh's, 2016

Table 3.3: **The organised retail chains in Kolkata and Bardhaman district**
(Table shows total number of stores including convenience stores, supermarkets and hypermarkets)

Organised retail chains	**Owned by**	**Total number of stores**			
			Bardhaman District		
		Kolkata	**Bardhaman**	**Asansol**	**Durgapur**
Reliance Fresh [1]	Reliance Industries Ltd.	9	0	0	0
More [2]	A division of Aditya Birla Ltd.	30	0	1	1
Spencers [3]	A division of R.P. Goenka Ltd.	18	0	1	2
Food Bazaar [4]	The food and grocery Division of Big Bazaar (run by Future Group)	17	1	0	3
Arambagh's Food Mart [5]	Arambagh's	33	0	2	1
Metro Cash & Carry [6]	Indian subsidiary of German Metro Group	1	0	0	0

1. Reliance Retail Ltd., 2017
2. Aditya Birla Retail Ltd., 2015
3. Spencer's Retail, 2016
4. Future Retail Limited, 2017
5. Arambagh's, 2016
6. Metro Cash & Carry Private. India Ltd., 2016

Reliance Fresh is the only grocer chain which is yet to proceed beyond the tendency of "metrocentricity" though its expansion in urban conurbations of Kolkata is noteworthy. Nevertheless based on these data the Bardhaman district is the second most important destination in this context with three cities (Durgapur, Asansol and also Bardhaman city) within its administrative boundary experiencing significant expansion of supermarket chains.

Table 3.3 shows that even after though Bardhaman city is the district capital, it lags behind the other two cities of its district – Asansol and Durgapur – in terms of numbers of stores run by giant corporations.

The domestic 'organised' players in the grocery sector are still at a nascent stage in WB. The state has not encouraged the entry of any global heavyweights into grocery retailing due to the still-restrictive policies designed to protect the interest of small retailers (Kalish and Planer, 2012). However, the market has been liberalised for global companies in the wholesale grocery segment. In 2008, Metro Cash & Carry (the Indian ancillary of Metro-AG, a global multi-channel retail giant from Germany) was the only global chain to enter Kolkata with an approved APMC license for the wholesale grocery trade. Cohen (2013:63) assumes that there must have been some "high-level political compromise" to allow Metro-AG to open their wholesale outlets. The 'cash & carry' format of Metro AG is currently dealing with professional customers such as hotels and restaurants only (Metro Cash & Carry Private Ltd, 2016).

The expanding store networks of these corporate chains are causing socio-economic and political problems for small-scale traditional retailers in WB as they are losing their overriding market share to the corporate retailers. Simultaneously the modern retail chains take up certain adaptive policies to ensure success in their target customer niche. In the following sub-section, therefore, I will look at the impact of supermarket expansion on the traditional retail sector of Bardhaman and the rest of WB.

3.4.3 The impact of corporatised retailing on small-scale traditional entrepreneurship

This sub-section looks at the impacts of neoliberal capitalism on traditional small-scale retailing in a developing economy, building on examples from around the world and relating them to the situation in WB. This body of research suggests that without regulatory support, the traditional retail sector will struggle in the face of the in-built advantages enjoyed by corporate retailers.

‘Unorganised’ retailing in WB is mainly controlled by family-run businesses with limited capital and ranges from street hawkers, pavement stalls and wet markets to fixed shops as mentioned earlier. Such outlets are spread across the state generating a significant share of state GDP and implanted in the local socio-economic structure creating huge employment opportunities not only for a major portion of unskilled and semi-skilled non-farm workers but also for a number of the educated unemployed. Therefore, the spread of modern corporate retailing with its efficient integration into supply networks has potentially challenged the livelihood of stakeholders earning their income out of the prevailing retail structure (Wakchaure, 2011). The advance of the modern retail sector can aggravate employment crises displacing large numbers of labourers as happened in different parts of the developing world; for example, traditional retailers in Chile (Faiguenbaum et al., 2002) and Argentina (Rodriguez et al., 2002) experienced severe competition. The expansion of domestic supermarkets has created a perilous situation for low-cost traditional retailers in both countries specifically in the food and grocery sectors. The drop in retail sales of the traditional sector due to the expansion of gigantic shopping malls and supermarket chains in almost all metropolitan cities is a very prominent feature now in India, as has been shown by Kalhan (2007) in his empirical work on Mumbai. Therefore, neoliberal capitalist expansion has become a serious concern in WB as found in section 3.2. From the standpoint of ‘consumer welfare’, capital concentration might be encouraged presuming that it will lead the entire system to focus on the creation of the most “efficient” prices to defend the interests of consumers (Blair and Sokol, 2013). This, in turn, will encourage higher spending on consumption which will contribute to achieving economic growth and overall welfare of the nation (Cohen, 2004). The perspective of ‘consumer welfare’ may lead to the expansion of an “efficient” distribution network in which small farmers and family-run retail businesses will be involved to maximise the ‘welfare’ of consumers; and the fruits of these benefits will be redistributed (through political channels) as ‘compensation’ among the underprivileged and recently unemployed sections of the community so that “losers in this revolution do not end up in poverty” (Timmer, 2009:1813). However, such a concept is very difficult to fit into the socio-economic framework of WB and more broadly that of India.

WB used to be considered a “hostile” state for modern retailing as the CPIM government had originally intended to curtail the power of big corporate bodies by using its rigid licensing system (licenses issued by WB State Marketing Board) and related legal restrictions based on the Agricultural Produce Market Regulation Act (Cohen, 2013:56). For example, Reliance, one of the largest domestic modern retail chains and part of Reliance Industries, was refused a license when they tried to open shopping malls in WB (Cohen, 2013). From a neoliberal standpoint, which specifies a formal equality of all market actors, these policies are unacceptable (Cohen, 2009).

Actually, from the state's perspective, the retail supply chain that links small farmers to low-cost retailers was mainly intended to be guided by decentralised and flexible forms of market economy. However, it was not enough to protect interests of the low-cost retailers. Harriss-White et al. (1999) argue that there were some serious incongruities within state policy itself. In a conventional marketing system, the smallholders and small retailers and traders are indebted to influential wholesalers, commission agents and moneylenders who preside over the market practising some "extra-legal" tenets to which the attitude of the state is one of indifference (Harriss-White et al., 1999).

These have further intensified the struggles of the small-scale traditional retailers. The works of key scholars such as Harriss-White et al. (1999) and Cohen (2013) suggest that the retail industry in WB is passing through a challenging phase mainly due to ongoing and complicated changes in its political economy. The existing structure of retailing in WB lacks economic practicability mainly because of the complex interplay of political-economic ideologies in the state (Shiva, 2007). On the one hand, state policies are opening up its retail market to corporate capitalists; and on the other hand, it fails to safeguard the interests of low-cost unorganised retailers from the grip of extra-legal activities of certain financially stronger players in the retail supply chain. Cohen (2013:79) suggests that state policy should look for a balanced solution to "equalise" and potentially "formalise" informal traditional retailing so that they can be considered to be "genuinely competitive" in transforming the retail environment.

While the increasing susceptibility of small-scale livelihoods in the traditional retail sector has evoked a number of socio-economic and political controversies, big corporations are trying to penetrate further to tap the middle class market by means of the existing traditional retail structure. For example, the Future group, which owns Big Bazaar and Food Bazaar, has promoted a programme called the Big Bazaar Direct Programme which includes the small independently run kirana stores as franchises allowing Big Bazaar and Food Bazaar to operate as neighbourhood retail outlets (Kelkar, 2014). Wider execution of this scheme should help the Future group to gain the confidence of their traditional counterparts, on the one hand. On the other hand, corporate retailing will be able to reach out to a broader customer base exposing small-scale retailers to further challenges to their livelihood. Additionally, the 'kirana' stores operating as franchisees of the big supermarket chains is likely to contribute to a process of proletarianisation as their operations come to be curbed by the powerful corporate retailers.

Street vending is one of the conventional supplementary economic activities for those at the bottom of the retail pyramid, the poor retailers (Lubell 1991), many of whom are intrastate, interstate or even international immigrants, mainly from Bangladesh. Ganguly (2006) has estimated that in 2005, street hawkers alone created retail sales worth about US$2 billion in Kolkata. The CPIM tried to evict the hawkers from the streets of the state capital in 1996 in a programme known as "Operation Sunshine" designed to reclaim 'public spaces' (Bandyopadhyay, 2009). However, the public outrage and protest from the opposition TMC forced the municipal administration to allow vendors to re-occupy the pavements from which they had been evicted (Roy, 2004). This helps to give a sense of the role of low-cost traditional retailing in the state economy. The street hawkers in WB not only contribute to the economy by generating income for the local population but also by selling mainly merchandise produced within the state (Bandyopadhyay, 2009). The state policy of the then CPIM government reflects a contradictory ideology concurrently supporting decentralisation policies to protect the weaker participants of the economy on the one hand, while evicting the most unprivileged retailers, often without offering any substitute arrangements, on the other. The post-CPIM state government was soliciting developers to secure 10% space for the 'unorganised retailers' in new shopping malls (D&B, 2013). This initiative to protect precarious livelihoods in the face of the expansion of neoliberal capitalism once again reminds us of the importance of low-cost retailing. As Harriss-White et al. (1999) and Choen (2013) among others have argued, state policies towards the corporate sector and its regulation are riddled with contradictions.

Amongst all the discrepancies and incongruities in state ideologies, small-scale retailers struggle to retain their market shares in a highly competitive market in which the corporate sector has the most power. However, despite all the difficulties they face, traditional kiranas are preferred for certain intrinsic traits such as locational advantage. However, modern organised retail outlets are seen to offer advantages on several other factors such as reliability and professionalism of salespersons, product offerings, quality, hygiene and tidiness (Goswami and Mishra, 2009). On the other hand, a study of customer-patron behaviour suggests that customers in a developing market are generally indifferent about the 'service paraphernalia' offered by modern retailers (Sinha and Banerjee, 2004). Research in Mexico, China and Indonesia suggests that supermarkets often find it very difficult to penetrate into the 'low income' retail sectors, specifically in fresh food and fish retailing in wet markets and street markets (Humphrey, 2007; Reardon and Gulati, 2008). This trend is partly determined by the procurement challenges faced by modern retailers, and therefore, certain factors like high product prices, cultural inclinations and individual perspectives influence the buyer's decision to shop at traditional wet markets. The local kirana stores are very popular among customers due to their credit system and personal services provided, as I shall show in Chapter 7. Moreover, the customer retailer relationship is not mere a seller-buyer relationship; rather, it builds up associational links between the two parties. Case studies show that personal attachments between the local shop-keepers and regular customers bring a competitive advantage for traditional retailers over shopping malls and supermarkets (Rani, 2013). The street-hawkers and vendors also have their own niche customers in WB. These retailers are readily available on streets and seen to be useful for their offer of a range of products including vegetables, fruit and grocery items at cheaper rates with bargains for customers.

However, as my research will show, rising demand for 'quality products' from the privileged middle classes has meant that small traditional retailers face challenges in a capital intensive economy. The accumulation of capital in the hands of a group of privileged players widens the gap between rich and poor and may eventually result in collapse of the markets "that link production and consumption at the most basic level of social reproduction" (Cohen, 2013:80). The essentially free market policies now pursued in WB also indicate that the state's ambitions to achieve inclusive economic development will probably not be fulfilled.

3.5 Conclusion

The previous sections offer a contextual overview of the current conditions in the agricultural and retailing sectors of WB set in the context of broader changes in the political economy of WB and of India as a whole; they point to the vulnerability and endurance of small-scale entrepreneurs in the face of expanding neoliberal economies. In this section, I will sum up the key issues developed around these economic sectors.

We found that the political paradox around economic policies has meant that WB's economy has remained conservative to some extent in the face of capitalist expansion. For a long time, the main focus of policies remained on the agricultural sector while the state suffered from stagnated industrial growth. Despite the planning priorities on the agricultural sector, crop intensity and land productivity remained low. Ironically, this derives primarily from the lack of efficiently sized landholdings that resulted from effective implementation of redistribution strategies of the government. On the other hand, stagnation in the industrial sector led to the growth of informal economies followed by an aggravated employment crisis in formal sectors.

Consequently, it led to a contradiction of ideologies in the state government's approach to measures to recover from the prolonged economic downturn. In later years, the Marxist government was desperate to boost the economy through rapid industrialisation by encouraging big capital (both domestic and international) to operate within the state. The CPIM government (which is credited for its straightforward execution of land reform policies) later introduced measures to acquire land from farmers to accelerate economic development through capitalist expansion – as found in Singur and Nandigram. The authorities promised displaced farmers jobs in the newly established chemical and automotive industries. However, eventually the projects had to retreat on the face of farmers' outrage as they refused to give up their lands in exchange of the jobs in chemical or car factories – where they hardly ever could fit in.

Poor infrastructure and a complex agricultural supply chain have kept the revenue of farmers low. As a result, farmers are interested in exposure to the neoliberal economy in the expectation of higher income. Some farmers' associations like AIVGA showed interest in working with supermarket chains (both foreign and domestic) to dissociate themselves from the intermediaries. This indicates an urge on the part of farmers to take advantage of highly organised corporate-controlled procurement processes. Research by scholars such as Dolan and Humphrey (2000), Carter and Mesbah (1993) and Weatherspoon et al. (2001) in different developing countries also suggests that such exposure has had some positive economic outcomes for small farmers. Even in WB, some researchers such as Mitra et al. (2012) and Chakraborti (2012) have already documented the significance of corporatised farming for the future prosperity of farmers. Conversely, in some other parts of the country, for example Kerala, high procurement costs to cater to the demands for high quality from corporate contractors have led farmers into further indebtedness (Mohankumar and Sharma, 2006). In various parts of India, continuous financial stress along with the anxiety of exclusion from procurement channels has led to serious psychological difficulties for farmers and even suicide. Apart from the economic aspects, there are certain social implications of corporate contracts. The agricultural sector is experiencing proletarianisation due to the accumulation of power and wealth in the hands of corporate interests. Indeed, neoliberal policies in a developing economy replace independent farmers with a proletariat labour force living on contractual wages. The review of the literature in Chapter 2 as well as in section 3.3 of this chapter suggests that under neoliberal economic conditions, contractual agreements are designed to work in favour of big business. Moreover, the role of the government in endorsing neoliberal economy tends to turn it into a "comprador bourgeoisie" (Sassen, 2013:43) intended to back certain corporate strategies at the cost of the livelihoods of small-scale farmers.

All these economic and social factors have intensified the anticipation of increased vulnerabilities for the local farmers of Bardhaman, who mostly belong to the small and marginal categories with a very limited resource base. A similar picture of precarity among small-scale traditional retailers can be anticipated for the study area in the context of neoliberal capitalism.

Almost all retail sectors in WB – among them apparels, luxury products, electronics and other consumer durables – with the exception of the grocery sector have undergone massive transformations in a neoliberal economy with foreign and domestic investments. Currently grocery retailing is experiencing heavy investment from domestic sources (as foreign multi-brand retailing is still restricted in the state). Over the years, the state has adopted a liberal outlook regarding its license-issuing policies and opened up its markets. The consumption patterns of the growing number of middle class consumers with high spending potential is now attracting leading corporate multi-brand retailers to expand their networks. Additionally, the rapid expansion of urban agglomerations (both around Kolkata and other districts) has accelerated the penetration of domestic modern retailing even in the grocery segment. The expansion in Kolkata of the operations of the German chain Metro AG suggests the potential for capital investments to be attracted also from overseas.

In WB, precarity seems to be further magnified in terms of unemployment since a significant share of the unskilled non-farm workforce find their livelihoods in the unorganised low-cost retail sector specifically in the growing cities. This also challenges the small-scale informal economy in the state that has generated a considerable amount of revenue by selling merchandise produced within the state. The new form of free-market capitalism that was once adopted by the leftist government of WB to create formal sector employment will not only intensify the employment crisis by producing a class of dispossessed labourers but also will adversely affect the returns generated from local products.

The discussion in this chapter suggests that neoliberal corporatist capitalism both has the potential to bring some benefits but at the same time to pose severe risks in particular to the livelihoods of small farmers and small retailers. The current economic condition in WB is very complex. Neither is it easy to imagine some alternative path of economic development as the infrastructure of the state itself is not supportive enough to protect the interests of low-income entrepreneurs; nor are the activities of big corporations within the reach of state control in a neoliberal economic regime. This suggests that the agricultural and retail sectors of the 'prosperous' Bardhaman district, a likely hub of neoliberal capitalism after the state capital of Kolkata), face economic and social vulnerabilities. It evokes the need for an in-depth investigation through comprehensive field research of the impacts of ongoing transformations to understand the significance of neoliberal conditions in a local context. The following chapter will provide an outline of the methods used in my research in Bardhaman district.

Chapter 4: Methodology

4.1 Introduction

In line with the theoretical discussion of the literature in Chapter 2 this research seeks an empirical exploration of the argument that the implementation of neoliberal policies ends up with the supremacy of capitalist power over low-cost livelihoods creating a group of dispossessed and subjugated workers. In Chapter 3, I offered a discussion of this issue against the contextual backdrop of the political-economic complexities of the Indian regional state of West Bengal (WB) in order to add an empirical sophistication to this argument (laid out in chapter 2). In this chapter, therefore, I will discuss the research methodologies that were adopted to pursue the fieldwork in India. In keeping with the key argument I decided to conduct my empirical research across different sectors of the economy of WB. I set my empirical investigations in the small-scale economic sectors of Bardhaman district, WB. I attempted to explore the diversified facets of neoliberalism—corporatist capitalism from international and domestic sources. Therefore, the research was conducted in two phases in two different economic sectors—agriculture and traditional retailing. The rationale for this research and justification of selecting specific economic sectors of Bardhaman district has already been discussed in detail in Chapter 1.

Here in this chapter I provide a layout of the research design that I followed during my fieldwork.

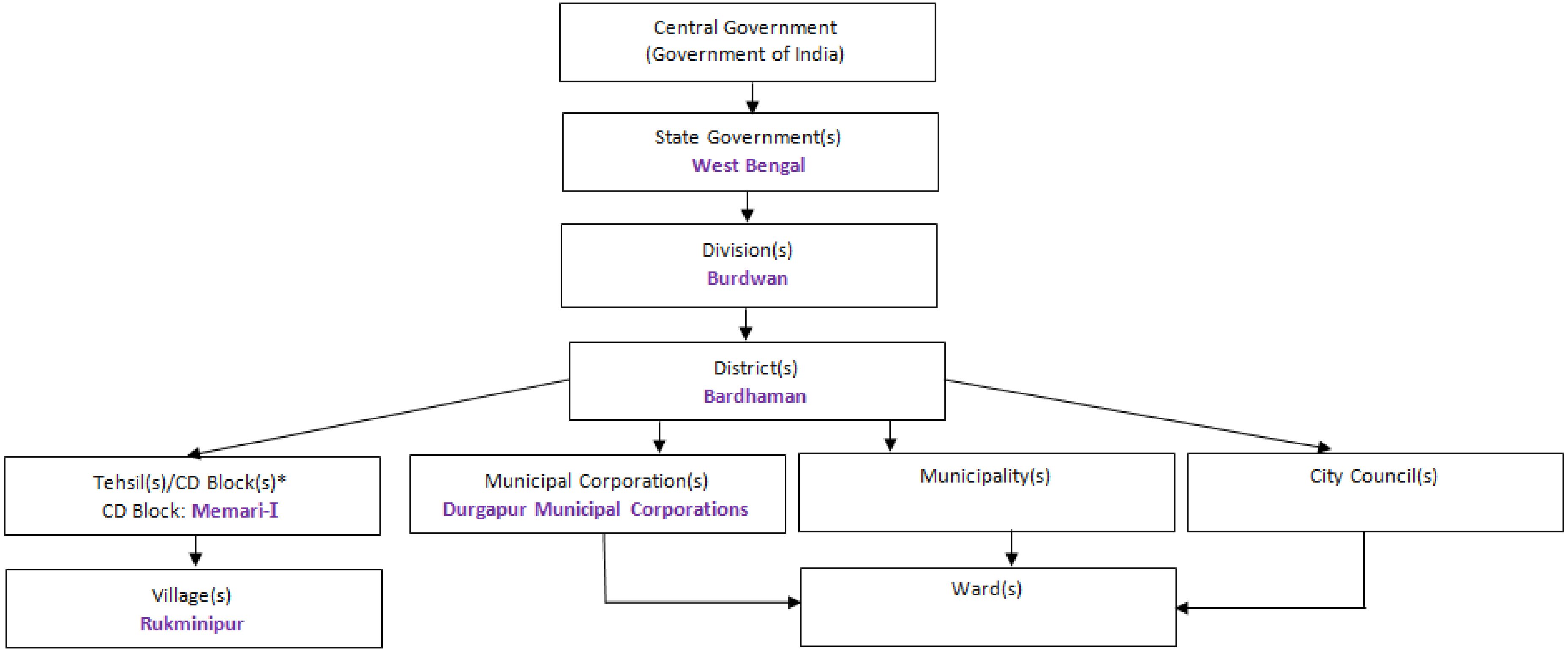
4.2 Methods for Empirical Research

My empirical research was conducted in two phases between November, 2014 and March, 2015. In the first phase, I explored the impacts of corporate interventions on small-scale farmers in rural Bardhaman. The exact location was a census village called 'Rukminipur' (pseudonym to protect confidentiality) located in the community development block of Memari-I within Bardhaman district (see figure 4.1 for more detail on the administrative hierarchy of India). The village consists of around 700 households with about 3000 persons. About 25% of the total population are employed in agricultural activities (District Census Handbook of Bardhaman, 2011). I approached the farmers in this village because they have already come across neoliberal approaches through the potato growing projects of PepsiCo India (i.e. the Indian wing of the American multi-national PepsiCo).

In the second phase, I explored the consequences of the rapid expansion of corporate retail chains on the small-scale traditional retailers in the city of Durgapur. Durgapur is an industrial city located in the western part of the district. It is a city with a population of 581,409 (Census of India, 2011) and locally administered by Durgapur Municipal Corporation (DMC) (see figure 4.1). I opted for Durgapur because of its distinct economic spaces emerging out of its industrial and tertiary activities, which, in turn, have created a group of white collar middle class persons encouraging a potential market base for contemporary corporate retailers (discussed in Chapter 7 in detail). As a result, the city is experiencing a rapid transformation in its retail landscape (discussed in Chapter 3).

In the following sub-sections, I will discuss the details of the methodologies related to data collection and analysis.

Figure 4.1 An overview: Where the study areas fit in the Administrative structure of India



*Tehsil is an administrative division of India denoting a sub-district. States use varying names for their sub-districts (such as "talukas"/"mandal"/"circle" etc.). In West Bengal, it is known as "Community Development Block" (C.D. Block). Tehsils can consist of multiple villages and a few towns.

4.2.1 Data Collection and Analysis

4.2.1.1 Data Collection

The data for this research were mainly collected from the semi-structured interviews of the people who agreed to participate in this project. I opted for this particular method of interviewing so that the participants can have enough scope to share their experiences, perceptions and thoughts with me. Unlike the structured interviews my interview method was not limited to a set of pre-determined questions; neither was it an unstructured interviewing method without any assumed set of questions (Flyan, 2005). Rather the semi-structured method allowed me to look into the issues and topics of my interest through simple and free conversations without imposing any restriction. It also helped me to generate impromptu questions as the participants were free to talk in their own way. Through this method, it was easier to address certain aspects or issues that might have appeared to be more important for a specific participant by altering my questions or the area of discussions during the interviews.

The initial access to research participants for interviews became easier with the help of supportive networks of local academics at the University of Burdwan (BU), Bardhaman. Moreover, the references and suggestions provided by the academic staff of the Geography Department, BU, have remained significantly useful in terms of certain technicalities of empirical approaches in the local context.

Although the research is primarily based on the primary data derived from in-depth interviews, I also considered certain secondary data sources to supplement my analyses. The data and information collected through interviews were also supplemented by the field notes taken through field observations. I also considered secondary data sources such as the Census of India, District statistical Handbooks (Bardhaman), the National Sample Survey, National Informatics Centre (Bardhaman district unit) and the Bureau of Applied Economics and Statistics West Bengal, Government of West Bengal. Here I would also acknowledge the cooperation of DMC who allowed me to access their mapping and data archives. I also kept myself updated with the related reports in local newspapers. It helped me gather first-hand information about the ongoing situations from my participants even after I came back from fieldwork.

In the following sub-sections I provide detailed descriptions related to the collection of the primary data.

4.2.1.2 Sampling techniques

Initially the study area was identified through local academic circle. I selected Rukminipur for my empirical investigation as I was informed by the department of Geography, BU, that the farmers around Memari Block-I are engaged in corporatised farming. Durgapur city was selected to explore the impacts of neoliberal expansion on small-scale retailing beyond 'metrocentricity' (discussed in Chapter 1 and 3).

First, I got the reference of the only large farmer Dinesh Ghosh (pseudonym) in Rukminipur from a research student at BU who provided me with the farmer's contact information. Before I approached that farmer directly, the research student herself kindly volunteered to provide a short introduction of me to the farmer (through telephonic conversation) so that I do not face any difficulty while approaching him. After that I contacted Mr. Ghosh directly over phone and requested for a meeting so that I could reach the study area and start my work immediately. Actually a prior reference smoothened the path that led to gather more interviewees afterwards (these have been discussed in detail later). On our first telephonic conversation I gave a brief introduction about my work in a very simple language. I said that this is an academic research project that intends to explore the impacts of large corporations on the small-scale entrepreneurs. Therefore, I wish to approach such a village where the farmers are producing for a big corporation. Later on, whenever I came across any new participant, each time I explained the aims of my project and let them feel free to ask any question about my work. I did not leave any scope of confusion for them. I tried my best to make them actively participate with their own interest.

For the fieldwork with the small-scale retailers in Durgapur, I again used the references of BU to find my participants. One of the academic staff (Prof. Gopa Samanta) of the department of Geography, BU sincerely helped me to get introduced to a student who was then studying Geography in a degree college at Durgapur (affiliated to BU). On the very first day this student took me to two sector markets near Durgapur city centre. I also came to know about the location of the other markets and few more other important facts that were very useful for my fieldwork – such as location of nearby local bus stops and auto rickshaw depots, routes for auto rickshaws and buses within the city and related information about their availabilities etc. I had a prior idea about the location of the corporate retail outlets as I explored the websites of each retail chain. However, the first-hand suggestions and route directions from a local person made my task little simpler on the field. This student introduced me to a local retailer at the Daily Market near city centre bus terminus who was his acquaintance. This retailer suggested me to use his reference in nearby stores if I face any difficulty to approach a new person. Here, I would like to mention that the reference of the student and his acquainted retailer was for the stores at Daily Market only. In other sector markets (such as Benachity or Chandidas) I introduced myself to the completely unknown retailers and later on requested my respondents if he/she could refer me to someone else (Goodman, 1961). In case of retailers also, each time I met a new person I tried my best to give a clear and comprehensive idea about my research aims. I also let them know about myself – who I am, what I do, where I am from etc. Like the farmers, I gave the retailers the same opportunity to ask me anything they wanted to know related to this study.

The familiarity with the initial interviewees (in both the sectors) helped me to find out their colleagues in the respective sectors to certain extent. For both sectors, I followed a purposive sampling technique and then a snowballing approach (wherever possible). This helped to enhance the sample coverage within a specific framework for analysis (Barbour, 2001).

It is worth mentioning that the sample sets in each case were designed to reflect the inherent heterogeneity and range of perspectives and experiences. For example, my sample set for farmers included large, medium, semi-medium and small farmers to understand and assess the extent of impact of corporatisation on their livelihoods. Similarly, in the case of small-scale traditional retailing, I consider the established store ('kirana') owners and street vendors to focus on the diversity of the impacts within a single sector. This range also helps me identify certain intra-sectoral complexities.

It is worth mentioning that for sampling framework, I did not consider any further categorisation such as age, gender, ethnic background or migrant status. I let the samples flow-in their own way so that my sample set could incorporate participants from various social, economic, ethnic and demographic backgrounds and represent their own standpoints. Thus the samples were free from any selection bias and were representative of the population under examination (Yates et al., 2007).

4.2.1.3 Sample Size

My research included 73 participants (in total); 36 farmers and 34 traditional retailers participated in this research to share their perspectives, opinions and experiences about their livelihood status.

36 local farmers were interviewed. In line with the characteristic features of the state, Rukminipur is dominated by small-scale farming. In the entire administrative boundary of the village there exists only 1 large farmer and 2 medium farmers (the formal classifications of Indian farmers as per their landholding size has been discussed in Chapter 3). In my sample set of 36 farmers, 27 were from the

small (14) and marginal (13) categories. I also engaged 3 semi-medium farmers and 3 share-croppers[6]. This helped to identify the specific livelihood challenges within different sub-sectors of farming (detailed analytical discussions are provided in Chapters 5 and 6).

I interviewed 34 traditional retailers in Durgapur among whom 19 were owners of established stores and 15 were semi-permanent or mobile street vendors. Again this brought out the diversity of impacts of free-market capitalism on different categories of traditional retailers (detailed analytical discussions are provided in Chapter 7).

Table 4.1 **Sample set overview**

Participants' category		No. of participants involved	
Farmers (by holding size)	Large	1	36 in Total
	Medium	2	
	Semi-medium	3	
	Small	14	
	Marginal	13	
	Share-croppers	3	
Trditional retailers	Kirana (traditional store)-owners	19	34 in Total
	Street vendors	15	
Crop consolidators (known as 'aratdars')	-	3	

There were 3 additional interviews with local crop consolidators (who play the role of informal lenders too). I conducted these interviews to help obtain a clearer understanding of the supply chain of agricultural products and informal credit channels on which most of the farmers are dependent.

[6] Share croppers enjoy permanent tenancy rights since 'Operation Barga' was implemented in WB in 1980s (a programme for share-cropper registration confirming a minimum share of tenant's output and protection against eviction) (Mookherjee, 2013).

4.2.2 Access to the study areas

Accessibility to study areas was a significant issue in terms of time and money during the empirical research. I intended to stay at Bardhaman and Durgapur to work conveniently with the farmers and retailers respectively. I tried to use some local contacts provided by the scholars at BU so as to be able to stay as 'paying guest'; but unfortunately none of the contacts worked out. Therefore, I decided to commute from Kolkata. I used to work 4 days a week (on average) in the field. The commute to Durgapur was easier (quite lengthy though) as there was direct access in terms of transport facilities and also I managed to stay in the city intermittently. However, working in rural Bardhaman was a little more difficult in terms of accessibility.

Memari was the nearest township to my study area (Rukminipur) with train services available from Kolkata. Rukminipur is located further interior from Memari town. I would catch one of the early morning trains operated by Eastern Railway from Howrah junction railway station -- one of the busiest intercity railway stations serving the state capital of Kolkata – to reach Memari station which was about 75 Km away. It was a journey of about 1 hour and 45 minutes by train. Then I had to catch a bus from the nearest bus terminus – about 10 minutes' walk from the train station -- from where there are several bus services on to Bardhaman and neighbouring districts. This leg of the journey from Memari to Rukminipur took about 30-45 minutes depending on the conditions of the roads. There was only one bus stop in Rukminipur and from there no public transport was available to reach the farmers' lands or houses. I had to walk to the village. Sometimes the farmers also volunteered to meet me at some local shelters on specific dates and time (arranged by prior appointments), somewhere near the bus stop for the focus group studies. After finishing my work, I had to go back to Kolkata that evening. I realise that staying at Bardhaman city and commuting between Bardhaman and Rukminipur could have been less exhausting and perhaps could have enabled me to save some time.

In Durgapur, the fieldwork was easier in terms of accessibility. Durgapur is well connected to Kolkata by rail and road networks. I mostly travelled on the bus services of the South Bengal State Transport Corporation from Esplanade bus terminus in central Kolkata, a journey of about 165 Km. It usually took me around 2 hours and 45 minutes to 3 hours. Within Durgapur, the transport networks are quite good; frequent services of buses and auto-rickshaws were available at affordable rates. I also stayed in Durgapur (though not on a regular basis) during the fieldwork.

4.2.3 Interactions with the participants

The interviews with the farmers and traditional retailers were conducted using various approaches.

The primary method adopted for field research was in-depth semi-structured interviews. I followed a predetermined interview structure to keep track of the central issues required to fulfil the objectives of my research, while the semi-structured interview format left enough space for the participants to express their thoughts fully on the relevant issues (discussed earlier in the sub-section 4.2.1.1). I tried to administer the semi-structured questionnaires with enough flexibility so that various directions of their thoughts and opinions could come out easily and spontaneously. I followed the 'funnel protocol' (i.e. broader questions moving to more focused questions) through semi-structured questions wherever possible (Harrell and Bradley, 2009).

Most of the people I came across – both farmers and retailers – were originally from West Bengal and conversed in the Bengali language. In Durgapur, I came across a few immigrant retailers from neighbouring states of Bihar or Jharkhand who were more fluent in Hindi; but their prolonged stay in Durgapur has made them learn Bengali too. I was confident in either case as I know both languages well. Therefore, there were no issues regarding communication with the participants as far as language is concerned.

I adopted two approaches to interact with the participants – focus groups and individual interviews.

4.2.3.1 Focus group study with the farmers

A focus group approach was selected to capitalise on the interactive discussions "between research participants in order to generate data" (Kitzinger, 1995:299). This methodology was adopted for thorough understanding of the thought process and perceptions of the participants and also to understand what are reasoning behind a certain thought or perception (Morgan and Kreuger, 1993). It helped me to gain new information, thoughts and experiences as they responded to the open-ended questions through discursive sessions. It was easier to actively engage even those people who were initially shy or reluctant to participate in the research. Group discussion through interaction with other colleagues made people more vocal. In other words, the interaction in a group discussion helped to produce more data relevant to my research (Morgan, 1996).

Initially it was quite difficult to conduct focus group study by gathering the participants as I did not have any prior familiarity with the local people. I got reference of the only large farmer of the village from BU (discussed in sub-section 4.2.1.2). I fixed a prior appointment with him and on the very first day I requested him to introduce me to some of his colleagues. In the beginning, he took me to nearby farmlands and formally introduced me to 3 farmers who were working by that time. We sat on the farmland of one of them and had the initial introduction with one other. I also briefed my study purposes (discussed in sub-section 4.2.1.2). Afterwards their references helped me to reach more participants. Sometimes sitting and having informal chats at the local tea shop helped me to find more contacts. For example, while having a cup of tea with a few farmers (who were already involved in the study) at the shop, some others were passing by. The participants volunteered to call their colleagues and introduced to me immediately. I took the opportunity to give an explicit idea about my project and asked them if they are also interested to join. Some of the farmers took me to nearby farms (sometimes even to their houses). Their kind and enthusiastic attitude and above all their interest to participate in my research helped me a lot to involve a good number of participants. Moreover, the prior familiarity among the participants and a good social relationship to one another became advantageous for my focus group study.

Eventually I could manage to involve 36 farmers for my focus group study. There were 7 focus groups each having 5 participants in average (sometimes even 6 or 7) depending on the farmers' availability. Focus group studies were conducted sitting at some local shop, on their farmlands or even sitting at the shade of the nearby bus stop.

Through a number of meetings I tried my best to build up a rapport with them. To do this I spent considerable time with the farmers to make them realise that I am really interested in exploring their livelihood issues for my academic project. I visited Rukminipur for 4-5 times to organise my focus groups. By those initial days I did not start formal interviews. When I got a rough idea about the participants of focus groups, I sought date and time from them to conduct interviews. For example, once I could initially estimate that there are a good number of willing participants (say 15) to start interviews, I divided them in 3 groups. Grouping of participants were not very difficult as I gathered them through snowballing approach (mentioned earlier). I kept their contact numbers so that I could contact them if necessary; for example, if I had to request them shift the time/date of appointment due to disruption of train service or so. I also gave my contact number so that they can contact me if they want.

Initially it was not very easy to involve some of them actively. Even after agreeing to participate in focus group study, some were little shy and some were shaky to discuss their livelihood struggles or to comment on any 'controversial' issue. I tried in various ways to make them feel comfortable with me. I used to extend our discussions with some informal topics to make them talk (sometimes topics were apparently beyond the scope of my study; e.g. about their family members, their children's education, changing climate etc.). I must mention in this context that those informal talks were really helpful at times as I could pick up certain relevant information useful for my research. The discussion with each focus group took around 3-3.5 hours in average. Occasionally a focus group study used to continue for 4-4.5 hours. Sometimes some had to leave in the middle of the discussion for his own work.

Later on, when they were done with the focus group studies, I requested them if they were interested in offering some more time for individual (one-to-one) interviews. Each interview took about 1.5-2 hours. The appointments for interviews were settled either through face-to-face discussion or through telephone calls. The prior familiarity with them now became more advantageous as they were now confident that participating in such interviews would not harm them in anyway. Subsequently, they became more outspoken on certain delicate issues such as exploitation, corruption or negligence, issues that they actually experience.

4.2.3.2 Individual interviews with the retailers

The interviews with the traditional retailers were conducted individually. It was difficult to gather them into one place and arrange focus groups. First, most of the retailers preferred to stay at their shops so that they could attend to customers while talking to me. Secondly, there was a lack of space in market areas or on the streets where we could gather and carry on a group discussion. The individual interviews with retailers were for 1.5-2 hours on average. Occasionally it continued for 2.5-3 hours. Sometimes, the participants were too busy to continue for 2.5 hours at a stretch. In that case, they used to ask me to come back later through a prior appointment. Sometimes even after the completion of an interview, I realised later that I could have reached deeper into certain topic. I kept their contact numbers and used to request for another meeting to focus on that particular topic.

It is worth mentioning that after each interview I requested recommendations that could help me to find some more participants (discussed earlier in sub-section 4.2.1.2). Many of them shared others' contact details. I would specifically mention the farmers of Rukminipur in this regard. I needed to access the crop consolidators and informal lenders for some additional information and also to have a better understanding of the existing agricultural supply chain and informal lending system, but I was struggling to contact them, so the farmers helped me by providing some addresses. Using their references I was able to interview three informal lenders. However, interviewing them was the most difficult part of my fieldwork. These people were very cautious about their businesses. They thoroughly checked my student identity and the recommendation letter on the University's letter head (which was issued for my convenience) before answering any questions. Their answers were quite vague; they made me understand that they were reluctant to share their operational procedures and strategies with an "outsider".

Most of the participants provided their telephone numbers so that I might contact them afterwards if required. During my fieldwork I would sometimes call my participants, both farmers and retailers, with some specific questions related to my analysis or to ask about their availability for the next meeting. I received a warm response and cooperation from most of them. After returning to the UK, whenever I heard news about difficulties in the agricultural sector and problems for the potato growers of WB (see Chapter 5), I would call them to find out about the current situation. They willingly shared their personal experiences and also provided as much related information as they could.

Table 4.2 **Interview protocol for participants**[7]

Participants	Key themes	Key questions	
Farmers	Easy introductory questions to derive contextual information	• Household information, types of crops • Types of farming (subsistence or commercial)	• Recruitment of labourers • Periods of engagement (sowing, harvesting etc.) • Holding size
	Farming method and adaptability of farmers	• Access to farm inputs – starting from machineries to fertilisers, pesticides etc. • Land productivity	• Source of funding • Access to knowledge and market information • Interest to access to advanced inputs/knowledge
	Awareness and perspectives on contractual relationships with the firm	• awareness about "voice", interactional justice and informational justice • Perspectives and experience on economic transaction • Types of assistance provided by the firm	• Perspectives and experience on procurement methods • Any biasedness from firm's side ever felt (depending on demographic or ethnographic aspects-such as caste, gender etc.)
	Impacts on livelihood after being contracted	• Impact on earning and lifestyle • Impact on land possession (if any)	• Impact on cropping pattern • Impact on social status
	Supply chain relations (for marketing of the crops outside	• Exact role of intermediaries and its impact on the farmers' revenue	• Detailed processes of intermediation • Reasons for dependence on intermediaries

[7] A more detailed protocol is attached in Appendix along with key questions and follow-up questions

	contract)		
Retailers	Easy introductory questions for contextual information	• Personal and household information • Information on store (e.g. floor space, weekly working hours)	• Background story to start the business • Number of assistants/ employees at the store
	Supply chain relations	• Methods of procuring farm and non-farm products • Terms of interactions with the intermediaries	
	Livelihood impacts after expansion of corporate retail chains in the city	• Impacts on sales • Perspectives on future of the business • Economising policies to face the competition	• Impact on social status • Thoughts on the profession of his/her children
	Competition with the corporate retail chains (survival strategies)	• Methods to retain customers in a competitive market • Perspectives on winning customers' credibility	• Perspectives and strategies to survive in a changing market • Budget management after opting for some additional service
	Additional questions for street hawkers/ pavement stall owner	• Threats on eviction of local administration or municipal authority • Threats/harassment from local shopping agents/super market operators	• Tolerance of some misconduct or palm-greasing activity for their survival
Intermediaries **[who were originally Crop consolidators ('aratdars')]**	Easy introductory questions for contextual information	• Personal and household information	• General information about the business—such as years of running the business
	Method of working	• Process of intermediation between farm gate and market	• Pricing strategies
	Impacts on livelihood	• Impacts on their business (if any) after expansion of corporate retail chains	

All participants were comfortable sharing their opinions on record. However, on certain "controversial" issues they requested me to turn off my dictaphone so that their voice could not be traced in future. In those cases, I took notes with their consent during the interviews and wrote up my notes as elaborately and carefully as possible at the end of the day.

After finishing the empirical investigations, I started the analysis process described in the following sub-section.

4.2.4 Data Analysis

The data derived from interviews were qualitatively analysed.

I manually transcribed the interviews immediately after finishing my empirical investigations so that I could easily recall the statements of the interviewees (in case the recordings were difficult to understand due to technical issues). The transcriptions were now the fundamental database as far as my interview-based research was concerned. I went through the transcription meticulously a number of times before I started open coding, i.e. conceptual labelling of certain thoughts, perceptions and experiences of the interviewees based on their line of thinking. Repeated scrutiny of the transcriptions was also very helpful in building up the themes and prominent ideas for analysis.

Next, I developed a further formal set of coding by combining the transcriptions, literature review and my own perceptions. Then I adopted the procedure of 'axial coding' (or sub-coding) to develop a skeleton or 'axis' so that the details of the original codes could be sorted out in an organised way (Strauss and Corbin, 1990). Each main code was indexed with colours for easy identification that in turn helped me further familiarise myself with the data. I was then able to go back to any of the codes very easily following that index. In Table 4.1, I offer a few examples of how I sub-coded the main codes:

Table 4.3: **A few examples of coding and sub-coding**

Set of Interviewees	**Codes**	**Sub-codes**
Farmers	Implications of corporatised farming	Farm size and mechanisation
		Knowledge and information transfer and relevant training
		Financial significance
	Awareness about contractual terms	General perceptions
		Fear of crop rejection or termination
		Interactional and informational justice
		Feeling of subjugation
		Weaker operational strategies in terms of finance and economies of scale

Retailers	Fall in Market share	Impact on sales
		Identification of the supermarket-bound customers
	Retaining the market share	Networking in neighbourhood
		Behavioural pattern of regular customers and adopted measures
		Supplementary income for additional funding to run the business more securely

I tried to link the secondary data with the field outputs wherever possible. I also referred to the news reports on print and electronic media and validated those with the first-hand experiences of the interviewees as far as possible. The procedures of data collection and analysis usually complemented each other.

4.2.5 Research ethics and positionality

I followed the ethical standards specified by the University of Leeds. I started my fieldwork after receiving formal approval from the research ethics committee of the University. On the first day of meetings with each of my participants, I asked them to read through a small document which was actually a consent form. The document comprehensively explained the purpose of my research and also confirmed the preservation of participants' confidentiality. Additionally, I explained to them the aims and objectives of my research in a simple and transparent way. The participants were requested to sign the consent forms. In those cases where the participants were not willing to sign the form (for fear of their identity being disclosed in future) I requested them to at least provide a verbal consent that they could be recorded.

I assured them that any data, statements or information that they provided would exclusively be used in academic publications—my PhD thesis and papers for journals or conferences. I also maintained their confidentiality throughout. I used pseudonyms for each of the participants in all types of outputs. As per the guidelines of the University's research ethics committee, I also asked them if they would like to receive a copy of the final draft of my thesis. The name of the village 'Rukminipur' is also a pseudonym. I did not use the original name of the village as it was easily identifiable within the CD block of Memari-1 because of several characterising features (which will be explored and analysed in the following chapters). I also did not use any map in my thesis to show the specific location of the village within the administrative boundary of Memari-1 so that I could maintain the confidentiality about the participants (as I promised them).

I remained aware of my positionality as a researcher as it significantly influences the research methods and outcomes (England, 1994; Rose, 1997). This was quite tricky for me as I myself am originally from WB. Some participants initially feared that I could be somehow related to local politics and that anything they said critical of the government or local cooperatives might be harmful for them. However, it did not take much time to establish that my research had no direct connection with local politics and their statements would only be used for an academic research project. Perhaps my affiliation to a foreign university made it easier to convince them. From the very beginning I endeavoured to build up a rapport with the participants (discussed in sub-section 4.2.3) as the personality of the researcher can potentially "shape both the research process and product" (Moser, 2008:383). Throughout I maintained a truthful and sincere attitude. Being brought up in WB, I had some prior ideas about local cultures, dress sense, language and ethos that helped me indeed to make them feel comfortable with me.

4.3 Conclusion

The details of my research methodologies have been discussed in this chapter. To accomplish the research objectives of my thesis (discussed in Chapter 1) two different case studies were set up in two different economic sectors in two different areas, in each of which the nature of the expansion of neoliberalism differed. On the one hand, I investigated the impacts of a giant multinational corporation, PepsiCo, on local farmers of a village in Bardhaman district. On the other hand, I explored the impact of domestic neoliberalism on small traditional retailers in the city of Durgapur, which has developed a promising market base by virtue of its white-collar middle class population. Along with the descriptions of the data collection methods and their rationale, I have also discussed the difficulties I encountered during the fieldwork. I have also provided an account of issues concerning research ethics and researcher positionality. The analytical methods of the qualitative research have also been discussed.

The following chapters are based on the analytical explorations of the data and information collected from the interviews. Chapters 5, 6 and 7 qualitatively analyse the field data mostly derived from the interviews with the research participants.

Chapter 5: Infrastructural Challenges and Insufficiencies in the Agrarian Economy of West Bengal

5.1 Introduction

Previous chapters have discussed the implications of neoliberal policies on the livelihood of the small and marginalised sectors of a developing economy. This research takes up small and marginal farming and low-cost traditional retailing in order to explore the outcomes of neoliberal policies in the context of the economic situation in WB (discussed in Chapter 3). In chapter 2, my review of the literature examined Marxist and liberal viewpoints from various fields of the social sciences to build up an idea of how neoliberal policies are being implemented and received in small-scale farming in a developing economy. While neoliberal farming policies have been criticised for reinforcing the power of elites, for loss of sovereignty among farmers and for leading to increased socio-economic vulnerability among contracted farmers, liberal viewpoints have considered the sustainable outcomes of corporatised agriculture and argued that they have aided resource-poor farmers by providing suitable financial and organisational facilities.

Focussing on the core theme of the thesis that neoliberalism eventually leads to proletarianisation and dispossession of small-scale livelihoods, this chapter explores the relevance of neoliberal policies for small and marginal farmers against a backdrop of existing infrastructural arrangements in the study area. On the basis of empirical research, this chapter, therefore, looks at the current agricultural set-up in the study area in WB. It finds that an acute lack of financial resources in the small and marginal agricultural sector and an insufficient flow of formal credits have created a financially dominant group of informal lenders who are originally crop consolidators by profession (known as ‘aratdars’). This group has held a firm grip over the village economy in such a way that they have become the essential gatekeepers for the agricultural supply network. Thus financial and marketing inadequacies have affected the revenue inflow to the agricultural sector. My research suggests that infrastructural inefficiencies in a developing economy can evoke the need for neoliberal remedies to offer what may appear to be a secure livelihood to the socio-economically vulnerable workforce.

In the paragraphs that follow, I lay out a basic framework of the chapter before entering into detailed analytical discussion of the research findings. The chapter is divided into four subsequent sections. Section 5.2 provides contextual information about cropping patterns in the study area to indicate the significance of farming in the local economy and also to suggest the dependence of farmers on specific crops. To this end, the section questions the effective provision of existing financial and marketing systems that enable small and marginal farmers to produce capital-intensive high value crops. Section 5.3 discusses the empirical findings concerning financial provisions for local farmers in the study area and includes a detailed description of local moneylending systems. It is divided into 3 sub-sections. In sub-section 5.3.1, I identify dependence (about 70%) of local farmers on informal credit sources overwhelmingly provided by the local crop consolidators; the growth of this informal financial system has exposed debtor farmers to economic and social vulnerability. Sub-section 5.3.2 explores the provision of formal credits in India's 'multi-agency' rural banking system with the help of secondary data. Sub-section 5.3.3 suggests, on the basis of my field research, that financial stability is the most significant determinant influencing a farmer's decision on the selection of credit sources. By identifying a gap between the expectation of farmers and the delivery of services in terms of access, it adds a new perspective to Satyasai's (2008) argument that the structural inefficiencies of the rural banking system can be overcome so as to embrace the majority of farmers. It suggests that the informality and approachability of aratdars makes them widely acceptable among farmers leading towards the development of a social relationship between lenders and borrowers.

However, in section 5.4 I find that dependence on informal credit has led to the dominance of aratdars in the local economy, providing them with control over agricultural supply chains. This argument is illustrated through a description of the local supply chains for two different agricultural products, paddy (in sub-section 5.4.2) and potatoes (in sub-section 5.4.3). It also argues that the entire supply network is overcrowded by a series of intermediaries (in addition to the aratdars) which eventually affects revenue generation in the agricultural sector. Sub-section 5.4.4, therefore, discusses proposed government measures to enable farmers directly to deal with the wholesalers. However, this sub-section also questions the feasibility of such measures unless the economic difficulties of the farmers can be reduced through a formal institutional system. Thus section 5.4 argues that financial difficulties have accelerated the problems stemming from inefficient infrastructure for agricultural marketing which, in turn, has intensified the economic and social vulnerability of local farmers. Section 5.5 provides a conclusion in which it is argued that the financial status quo of the majority of farmers in an informal economic environment and the resultant labyrinthine agricultural supply network creates a situation where a different solution becomes attractive – that is, the possibility of corporate investments in the farming sector.

5.2 Contextual background of the study area

Before I start the core discussion about research findings, this section will deliver a brief contextual outline of agriculture and livelihoods in the study area to better understand the significance of farming on which most of the rural population survive. The study area where this research was conducted is a mouza (a census village consisting of several hamlets) in Memari Block-I in Bardhaman district, WB – a 'block' being a rural governmental area designated for administration and development of several 'gram panchayats' (i.e. local self-government of a village). This part of the research involved 36 local farmers who participated in focus groups and also offered time for individual interviews and discussion to share their experiences and perceptions on the current situation.

In WB, rice is the principal food crop grown in different seasons. 'Aus', 'Aman' and 'Boro' are different names for different varieties; Aus and Aman are monsoon crops while Boro is sown in winter. In the post Green Revolution era, WB has experienced considerable diversification in cropping patterns with specific emphasis on Boro paddy, potato and oil seeds (De, 1999). The trend differs slightly in Bardhaman from that of the state as a whole as the district mostly concentrates on the production of Aman paddy, contributing 71.02% of total rice production in WB followed by Boro (27.23%) and Aus (1.75%). Potato is the most significant crop in Bardhaman in the 'miscellaneous' category (crops other than cereals, pulses, oil seeds and fibres), contributing more than 95% of total miscellaneous' production (Directorate of Agriculture, Government of W.B.; Bureau of Applied Economics and Statistics, Government of W.B., 2012, cited in District Statistical Handbook, Burdwan, 2012). Memari Block-I, where the study area of Rukminipur is located, is characteristically prosperous in terms of agricultural production. It ranks second among 31 blocks in Bardhaman as far as potato production is concerned, while the yield rate of potato is even higher than the state and district average (Table 5.1). The yield rate of rice in Memari-I is almost equal to that of the district average and higher than that of WB as a whole (Table 5.1) with a specific emphasis on Aman production (Directorate of Agriculture, Govt. of W.B. and B.A.E. & S., Govt. of W.B:-cited in District Statistical Handbook, Burdwan, 2012).

Table 5.1: **Yield rate (Production in Kilograms per hectare) of two major crops produced in study area**

Administrative Unit	Production in Kilograms per hectare	
	Rice	**Potato**
West Bengal*	2688	25641
Bardhaman district*	2951	27675
Memari Block-I*	2927	30524
Rukminipur Mouza**+**	2000	28125

*Source: Directorate of Agriculture, Govt. of W.B. and B.A.E. & S., Govt. of W.B, 2012
+Source: Author, 2014-15

Almost the same trend (as Memari-I) can be identified in Rukminipur Mouza, where the farming activities predominantly centre on the production of two major crops, paddy (specifically Aman) and potato. An above-average yield rate in comparison to those of the district and the state indicates the importance of potato cultivation in Rukminipur. Potato is the cash crop that generates the major share of revenue for local farmers.

Photo 5.1: **Agricultural fields engaged in production of the two major crops at Rukminipur**

A. Paddy cultivation B. Potato cultivation

Source: Author, 2014-15

Almost all the producers including the small and marginal ones along with share-croppers in Rukminipur grow potatoes in expectation of the higher economic returns despite the high production costs and post-production maintenance costs. Aman paddy is the other important crop produced in alternative seasonal cycles with potato in nearly all of the farmlands.

In following sections, I will discuss that a continuous debt cycle compels small and marginal farmers to produce a high value crop which is meant first to repay the production credit. However, the aspiration for earning more continues notwithstanding their financial difficulties in bearing the production expenses of a commercial crop like potato. As I will discuss, recurrent economic deficits make them dependent on local lenders whose importance has also augmented due to the inefficiency of the formal financial sector. Consequently, the local informal lenders have taken advantage of the situation and turned into gatekeepers of any farm product as indebted farmers repay their loans in kind. On the other hand, the inefficient supply chain, overcrowded by the sheer number of intermediaries, has caused a lack of avenues for marketing farm products. It has become an additional constraint leading to an increased significance of these 'gatekeepers' in the village economy to such an extent that even a large or medium debt-free farmer depends on this group for bringing their crops to market. The following sections, therefore, discuss the existing inherent difficulties within the farming sector.

5.3 High dependence on non-institutional credit: A basic problem for small and marginal farmers

5.3.1 A general overview of the financial provisions in the farming community

This sub-section discusses the overall picture of the financial status of farmers in Rukminipur along with a description of informal moneylending practices and operational procedures in the study area. Here I find that about 70% of investment credit in agricultural production is generated from informal sources. My field research indicates an unsystematic lending business that lacks transparency and imposes usurious interest rates taking advantage of unawareness and financial instability among farmers. To that end, this sub-section raises a question about the availability of formal credits in the agricultural sector and the discussion continues in the following sub-section 5.3.2.

The production costs for agriculture have increased over the years with increasing adoption rates of advanced technology and extensive use of farm inputs. However, the financial status of the farmers has not improved at the same pace. This has consequently increased the demand for production-capital eventually multiplying the demand for production credit or investment loans in rural India and thus in WB. The 70th round of the National Sample Survey (NSS) (2014) recognised 51.9% of agricultural households across the country as being 'indebted' with an average amount of unrepaid debt of 46900INR (per agricultural household). The demand for credit is also intense in the agricultural district of Bardhaman due to the prevalence of small and marginal farmers. According to the agricultural census of WB (2010-11), the average size of operational holding in Bardhaman is 0.97 hectares (which falls in the 'marginal holding' category) with 40.52% and 34.73% of the agricultural area coming under marginal and small holdings respectively (District Statistical Handbook, Burdwan, 2012). The study area is not an exception. The small and marginal farmers and share-croppers make up about 83**%** of the total agricultural population in Rukminipur.

From the data, information and observations during the field research, I found these groups of farmers to be significantly impoverished lacking any collateral securities apart from their small piece of land; share-croppers do not even have any land as they lease land from others. The small and marginal farmers in Rukminipur, tend to live in mediocre single-storied houses sending their children to local government-aided Bengali medium schools, while the economically well-off farmers possess two to three storied buildings enjoying several modern household gadgets and sending children to private English medium schools.

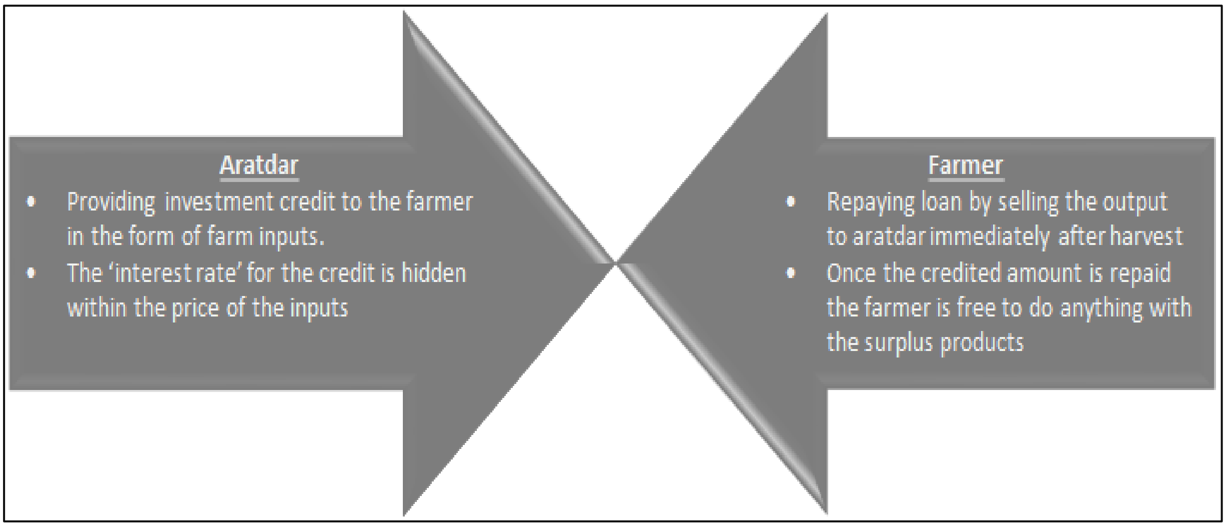
The predominance of the small and marginal farmers and share-croppers in the study area has escalated the demand for production credit due to their perennial shortage of capital for all of those who do not have a steady source of supplementary income other than agriculture. The large and medium farmers do not invest their own cash in production processes either; rather, in most cases, they are also dependent on loans either from institutional or non-institutional (private) sources. In fact, more than 94% of all my respondents told me they were dependent on loans, irrespective of farm size. According to the 70th NSS, however, the dependence on informal lending decreases as the size of holding increases. In India, the distribution of outstanding loans from informal sources is highest among the marginal farmers. While 59% of the marginal farmers owe to informal lenders, the percentage is 32.4% for the small farmers and as low as 20.4% for the large farmers (70th round NSS, 2014).

The heavy dependence on informal lending in Rukminipur, therefore, seems to be an obvious outcome following the national trend as the study area is dominated by marginal and small farmers.

Informal lenders can operate in "several guises which reflect what anthropologists call the multiplex nature of rural life" (Bell 1990:306). If a tenant-cultivator or a labourer borrows from the owner-cultivator (on whose land he/she is working), the lender is considered to be a 'landlord' or 'employer' respectively; whereas for others, the same person is thought of as a farmer performing moneylending in parallel. Likewise, a village shopkeeper can lend money to his/her customers in the 'lean seasons' while undertaking the job of commodity-trading (maybe on a smaller scale) during the harvest. Bell (1990:306) notes that "traders and commission agents (who operate as brokers between farmers and both private traders and state purchasing agencies)" are "heavily involved" in financing agricultural production (for the farmers in need of production credit) on the condition that "clients sell their crops to, or through them, respectively". How the creditor is perceived depends very much on the borrower. Bell's findings in 1990 are still valid in the present context as far as the Indian rural credit market is concerned. The NSS classifies the informal village lenders into several categories such as 'employers/landlords', 'agricultural/professional money lenders', 'shopkeepers/traders' and 'relatives/friends'. The latest NSS data (2014) shows a high dependence on the 'agricultural/professional moneylenders' specifically among the marginal farmers (41.2%). In fact this category of lenders is recognised to be dominant among all other non-institutional sources, irrespective of the borrowers' holding size. However, the high interest rate charged by these lenders is a major concern as most of the borrowers are incapable of bearing such high interest rates. Bhattacharjee et al. (2009) suggest that professional moneylenders, because they know little about the debtor's situation (such as income flow, collateral strength etc.) charge higher interest rates to avoid the risk of non-repayment. Now the question is about the ability of a small and marginal farmer to repay the loan with interest as they struggle for money not only for agricultural production but also for the daily expenses.

Based on the field interviews I found that the bulk (nearly 70%) of production in Rukminipur is carried on with the aid of informal production credit (known as 'dadan' in the local colloquial language). The typical characteristics of this area is that almost all the traders/crop-consolidators play the role of lenders (locally known as 'mahajan' or more commonly as 'aratdar') by virtue of their sound financial background. This class of lenders are usually considered to be "investors" as they provide the necessary farm inputs to the farmers. The aratdars consolidate crops in the 'arats' (store/depository) owned by them and later make arrangements for the marketing of crops through accessible channels (as discussed later). My research identifies the aratdar as the most influential class with a firm control over the village economy. They indeed have a dominating involvement in the economic outcome of the area. Unsurprisingly, they have a higher standard of living in comparison to the average population of Rukminipur, the majority of who are small and marginal farmers, share-croppers or landless labourers.

Figure 5.1: **The customary process of supply and repayment of production credit**



Source: Author, 2014-15

The discussions with local farmers revealed the extent of their dependence on the lenders, without whom they cannot start a production cycle. Nakul Guin, a marginal farmer, puts it in stark terms: "The aratdars make us cultivate". This stresses the importance of financial dependence of a farmer who is unable to make investments on his own unless investment credit is provided. The credit is not essentially in terms of money. It is usually supplied in the form of farm inputs—it may be seeds, pesticides, fertilisers or anything necessary for a particular crop. All my interviewees and survey participants taking a loan from aratdars receive the loan in terms of farm inputs. The processes of issuing production credit and its repayment are performed in the way shown in Figure 5.1.

The field research suggests that impoverished farmers lack the means to repay their loans in cash. The credited amount is, therefore, repaid (along with interest) when the borrowers sell their products first to the lenders at whatever price is offered. A crop failure, or low output, consequently, means the outstanding amount is carried forward to the next production cycle, when a new credit arrangement is set up. Thus the repayable amount continues to build, forcing the farmers into a continuous debt cycle. Often the burden of loans accumulates and is shifted onward to the next generation to the point where a farmer has to first mortgage and then sell all his personal belongings to repay it. In some cases, the piece of land remains as the only personal property left with the farmers and that too has to be mortgaged to pay off outstanding loans; in extreme cases, farmers are even driven to selling that. A debt-laden small farmer Asit Guin with 1.94 hectares of land expressed his frustration thus:

> "All the legal papers still prove my ownership of the land, but the reality is that the land has gone into the hands of the aratdar…. Now land is the only asset left under my name and someday I may have to sell that to him to get rid of this loan. Otherwise this loan has to be repaid by my son as I am repaying my father's." (November, 2014)

This was a quite common scenario in Rukminipur for many of the debt-stricken farmers for whom entitlement to the land is just a "legal paper" while in reality they are aware that land can be taken off them by the lender at any point of time. Additionally, their financial dependence fed by a lack of awareness has given the aratdars a monopolistic hold over the local economy, and they have seldom shown concern about any social or economic impact on the borrower. This indicates a capitalist growth at the micro level as the aratdars invest their capital in the local credit business with the intention of profit maximisation and gradually overpower the local financial and marketing systems by virtue of their sound resource base.

Informal credit business is run according to the dictates of the aratdars. There is neither anything official nor anything uniform as far as the terms of loans are concerned. The interest rate for the production credit is determined by the aratdars is not fixed across the region. It can vary from lender to lender. The difference in interest rate is also noticeable among different farmers borrowing from a single lender. The interest rate is usually embedded within the cost of inputs provided to the farmers. Several of the farmers whom I interviewed told me that, for example, if the price of a bag of fertiliser (each bag containing 50 Kgs) is 1000INR, the aratdar supplies it at a self-determined price of 1100INR drawing an "interest rate" of 10% for each bag. This additional 10% is surely a mark-up. The local farmers perceive this mark-up as the "interest rate" on the inputs supplied by the aratdars as "investment loans". Moreover, the amount of mark-up also varies depending on the amount of the outstanding loans of the borrowers. The same lender can supply that very quantity of the same fertiliser at a price of 1300INR (the mark-up being as high as 30%) to a different farmer. This may happen if a farmer has a sizeable outstanding loan from previous years. The lenders try to extract as much as possible through interest rates due to concern over non-repayment of the capital. After my interviews with farmers, when I approached a local aratdar Sumit Baidya and asked him to explain how he calculated interest rates, I received a very vague answer:

> "Certainly there have been some reasons if I applied different interest rates on different borrowers. Sometimes, the outstanding amount [of debt] might be the reason. However, I am not bound to discuss all my credit business policies. But what I can confirm is that I do

> not cheat anyone. If the farmers believed that I am exploiting them, do you think I would have been allowed to run my business in this village?" (January, 2015)

Mr. Baidya's statement suggests the absence of a clear business policy and the supremacy of financial power at the local level. This is the result of the farmers' dependence on informal sources. Most of the farmers not only seem to be unaware of the interest rates, but they also avoid raising questions about the existing credit system. Sukhen Mondal, a small farmer with a high school education, explained:

> "There is no point in calculating the interest rate as bargaining with the aratdar would not be wise. My financial instability has made me highly dependent on him. Otherwise he adjusts the amount he withholds in his own way. My interference will not be welcome as the credit often rises in a cumulative way because of my inability to pay back on time." (November, 2014)

This was a common concern for those farmers who are unable to complete a single production cycle without taking production credit from aratdars. Consequently, the crop trading of aratdars also continues as the borrowers remain bound to repay the loans by selling their crops straight after harvest at whatever price is offered to them.

On the other hand, crop prices are highly variable and subject to seasonal fluctuations. Generally, the lowest price prevails during the harvesting period while the peak price is often found sometime before the harvest starts (Bhaduri, 1973). This applies in the study area as well. However, farmers are compelled to sell their output at cheaper prices (immediately after harvest) to a specific aratdar even if some other trader is offering a better price because repayment has to come first.

The aratdar accumulates the stock of paddy or potato and waits for the market price to rise. Once the loaned amount is paid back, the farmer can also store any surplus output and wait for better market conditions. However, a small and marginal farmer or a share-cropper cannot wait for 9-10 months (when the price tends to reach its peak before the harvesting of the same crop starts in the following production cycle). The dearth of money forces them to sell their products at the available offer in mid-year. Storing the products inevitably demands further maintenance costs. Additionally, there is no certainty that the market price will show a positive trend after 10 months as the market price of a specific product is always dependent on a number of comparative factors.

Salil Mahato, a marginal farmer attributes his dependence on aratdars to his limited financial means:

> "Sometimes I cannot consider bargaining even if my loan is repaid because I do not have enough money to bear the depreciation costs related to perishable products like potatoes…. Given store rents and other costs from potato shrinkage and the like, I usually sell the product earlier deliberately ignoring the chance to make a profit. Moreover, who will compensate me if the price doesn't go up further or the surplus stock is spoiled somehow?" (November, 2014)

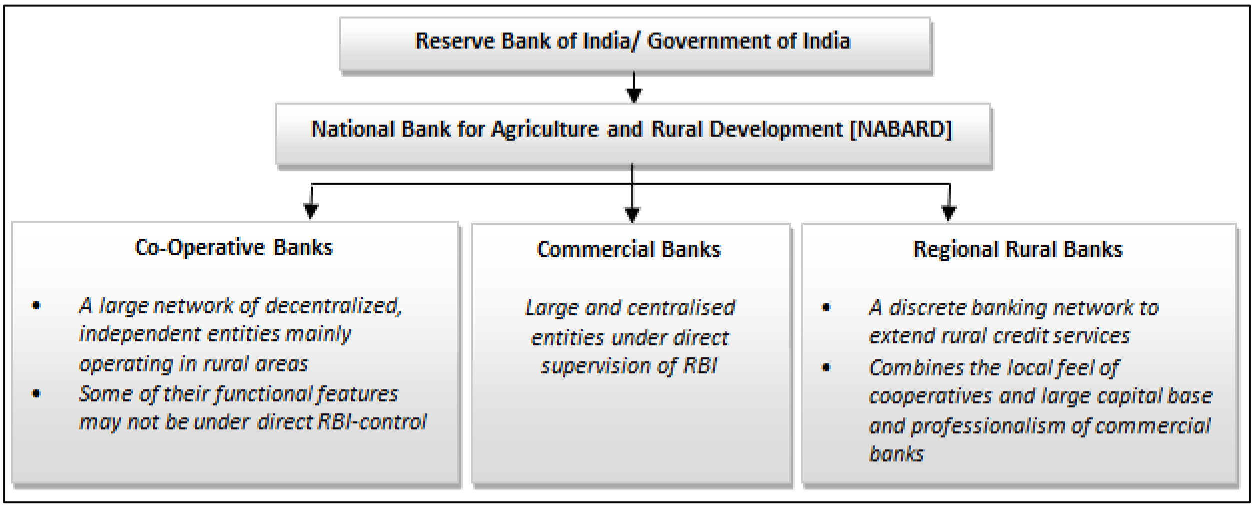
However, it is not always economic problems that have given the informal lenders such an important role. In many cases it is part of a decision by the farmer to tactically avoid production uncertainties. My interviews with farmers suggest that they consider a loan to be a wiser option as the risks related to crop production will be borne by the creditor – because "the farmers usually do not want to speculate with their own money" as was put to me by Shahid Ghosh, a medium farmer dependent on bank loans. Surprisingly, they are even ready to bear higher interest rates but are not ready to invest on their own. Despite the fact that a crop failure will lead to an increase in loans the following year, they opt for investment credits. They tend to save money for future use not only for agricultural purposes but also for family needs. However, it is also true that, such occasions rarely come when a small or marginal farmer has enough savings to bear all the costs throughout an entire production cycle. Yet they continue to take loans even for personal use despite the fact that repayment might force them to sell anything they possess.

This sub-section has suggested that perennial dependence on informal credit has made the borrower farmers socio-economically submissive under the thumbs of local creditors. Moreover, lack of transparency and absence of any regulated policy concerning the informal credit business evokes questions about the availability of formal credit in rural areas. In the following sub-sections, I will look at the existing formal financial system and its effectiveness for the agricultural population.

5.3.2 Availability of formal credits in rural agricultural sector

Considering the heavy dependence on informal loans, one might be doubtful about the availability and accessibility of institutional credit to small and marginal holders. First I look here at the rural banking structure of India. Next, with the help of secondary data and information sources (such as District Statistical Handbook, Burdwan, 2012; NABARD, 2015; SBI, 2015) this sub-section reviews the existing formal sources of rural credit and the latest policy measures that are available to local farmers in the study area. Referring to Gupta's work (2012), here I also find that there are certain initiatives of the WB government to popularise institutional credits among farmers. To this end, the sub-section questions the effectiveness of formal credits and sees informal credit as having an irresistible influence on the village economy (as discussed in 5.3.1).

Figure 5.2: **Institutional arrangement of agricultural and rural credit in India (after Prakash, 2009; Kumar, 2013)**



"Mere access to credit" without considering the inevitable terms and conditions of loans can make the borrower a defaulter, deteriorating their economic condition (Bhattacharjee et al., 2009:339-340). Therefore, for the sake of a steady rural economy which in which financially underprivileged farmers form an overwhelming majority, the financial privileges enjoyed by the informal creditors should have to be restricted leading towards a gradual abolition of the informal credit business. The most rational way, thus, is to popularise the advantages of the formal credit system. A number of initiatives have been taken by the central and the state government at different phases introducing a multi-agency approach. The rural areas of Bardhaman are served by a structured institutional network following an 'ideal' arrangement of agricultural credit (as shown in Figure 5.2) through the rural branches of co-operatives, regional rural banks (RRBs: known as Paschim Banga Gramin Bank in WB) and commercial banks.

Co-operatives and RRBs were specifically set up to provide customers with basic banking and financial services on easy terms through their rural branches (Joshi, 2013; Department of Cooperation, Govt. of WB, 2009). RRBs were introduced in 1977 to combine the local feel of cooperatives (i.e. awareness of local problems in rural areas) and large capital base and professional capability of commercial banks (Mohan, 2006). 12 out of 233 commercial banks in Bardhaman district and 2 RRBs out of 74 in Bardhaman are in operation within Memari Block-I serving about 16 customers per office (Lead Bank Officer, Burdwan: cited in District Statistical Handbook, Burdwan, 2012). The people of Rukminipur can also use banking services from the nearest branches of co-operatives while the branches of RRBs and commercial banks (including the nationalised ones) are also there to serve them.

Photo 5.2: **A branch of Cooperative Bank at Rukminipur**

The facilities offered at the branch are displayed (in Bengali) outside the office building to draw the attention of local people. The branch not only provides banking services but also sells pesticides, seeds (for potato and paddy), organic and chemical fertilisers etc. This implies that farm inputs and production credits can be bought from cooperatives bypassing the dealings with *aratdars*.

Source: Author, 2014-'15

The provision of institutional loans or other financial facilities seems to be within the reach of farmers in Rukminipur. Moreover, the governments (both central and state) are trying to simplify the processes and terms of institutional loans (in favour of farmers) through the banking network. For example, the Kisan Credit Card (KCC) ('Kisan' means farmer in Hindi) was introduced by the Government of India (GOI) along with the Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD) in August, 1998. The scheme "emerged as an innovative credit delivery mechanism to meet the production credit requirements of the farmers in a timely and hassle-free manner" (NABARD, 2015). This is a strategic project implemented across India by the extensive "institutional credit framework involving Commercial Banks, Regional Rural Banks (RRBs) and Co-operatives" (NABARD, 2015). However, the practical implementation of the scheme experienced certain 'impediments' for the people involved (including farmers, executing banks, policy makers) in the first 15 years of its introduction for reasons that are discussed below.

Therefore, the Ministry of Finance and the Department of Financial Services, GOI, agreed for to thoroughly revise the operational procedures of the scheme to make it more “simple and hassle free” in its true sense. In 2012, revised guidelines were issued by the NABARD to all the concerned commercial banks, RRBs and co-operatives with the intention of popularising production credit and investment loans (both for farmers and bankers) through an institutional credit system beyond the prevalent non-institutional moneylending practices in rural India (NABARD, 2015). The KCC facility has been made easily accessible for the people involved in agricultural activities including not only the owner cultivators, but also the tenant farmers, share-croppers and oral lessees (i.e. farmers leasing land on the basis of verbal contracts) (NABARD, 2015; SBI, 2015; Barik, 2010). Moreover, having a KCC account in a commercial bank also provides the advantage of the ‘Crop Insurance Scheme’ under the National Agricultural Insurance Scheme (NAIS) (SBI, 2015). Notably, both the major crops grown in Rukminipur, paddy and potato, are considered eligible crops under the NAIS scheme (AICIL, 2015).

The NAIS programme, the principal crop insurance scheme in India, has been made “compulsory for all farmers that borrow from financial institutions and is voluntary for non-borrowing farmers without loans” (Mahul et. al, 2012:2). In fact all those taking a loan are incorporated under ‘compulsory coverage’ of the insurance scheme so that the crop loan is counterbalanced to the extent of claimed compensation in the case of crop failures. This helps a farmer to increase his eligibility to get fresh loans in the following year by settling the previous one (Department of Agriculture Cooperation and Farmers Welfare; n.d.). More importantly, the state government of WB has made it easier for farmers by relaxing the burden of insurance premiums. The decision of the WB government to bear the entire amount of a premium for non-commercial crops like paddy and wheat is a step forward to encourage farmers to opt for the institutional credits. Previously farmers paid 90% of the premium (i.e. 2.5% of the total crop value) and the rest was equally borne by the state and the central government (Gupta, 2012).

However, despite all these ‘favourable’ opportunities, a significant share of the farmers in the study area showed a reluctance to go for bank loans. It raises a key question about the accessibility of loans for farmers. In the following sub-section, I will discuss the perceptions of local farmers and will attempt to identify the practical difficulties (if any) in accessing institutional credits.

5.3.3 Factors behind widespread acceptance of informal credits

Based on my field research, this sub-section identifies the factors that influence a borrower's decision in selecting credit sources. It finds that formal education usually encourages a farmer to use institutional credit facilities. Additionally, it argues that economic stability is an important prior factor – even if the farmer's level of education is low – in approaching formal creditors as the farmer feels confident that he will be able to repay and will be 'defaulter' or lose the opportunity to access further credits. Here it explores the literature by Satyasai (2008) that criticises the 'architecture' and 'design' of the rural banking system for failing to reach the majority of farmers. However, from the perspectives of the borrower farmers, the sub-section argues that there remains some gap between the expectations of the borrowers and services provided by bank employees as far as access to commercial banks is concerned. This sub-section argues that the easy-going attitudes of private lenders not only prompts poor farmers to borrow from informal sources, which do not ask for any collateral security or legal document, but also has encourages an apparent social attachment between these two groups.

My interviews with farmers made it clear that formal education (in terms of attainment of school/college/university education) makes a borrower more knowledgeable about taking financial decisions. In Rukminipur, the formally educated farmers with university degrees are more responsive to the financial opportunities provided by formal sources and also use the facilities of insurance, contingent expenses and the like. They are keener to deal with the paper work through a proper interaction with bank officials. For example, Dinesh Ghosh is a large farmer with a B.A. degree; he confidently uses loans from a nationalised bank because of its "secure transaction options and insurance opportunities". The farmers with higher educational attainments are not bothered about the procedural issues which preoccupy most of the uneducated farmers. However, it is also clear from interviews with local farmers – whether 'educated' or not -- that discussion about procedures for obtaining institutional credit needs to be simplified by commercial banks. Most of them expect officials in the local branches to be more approachable and more 'comprehensible'.

Field interviews suggest that income and land assets are a significant support for farmers in approaching institutions for credit. First, input expenses are high for the larger farms and therefore demand for a loan is also high. Secondly, these farmers are endowed with a higher capacity of repayment with adequate collateral security and stronger financial conditions. Dinesh Ghosh is not only a well-off large farmer with a university degree, but also owns a furniture shop and a rental wedding hall. A higher repayment capability makes a farmer more confident in accessing institutionalised credits even if the farmer does not have a higher education degree. Shahid Ghosh is a medium farmer with 8 hectares of land without any University degree; but his financial strength has positively inspired him to take bank loans sidestepping the exploitative private money lending system. Shahid says:

> "I do not feel comfortable with the private lending system… They have neither fixed rates of interest nor any opportunity of insurance coverage. If the banks are ready to disburse loans for me why should I go to an insecure source?" (December, 2014)

My field research indicates that supplementary income is another significant factor controlling a farmer's choice, irrespective of the farm size. Medium-sized farmers and even small and marginal farmers are more inclined to use institutional sources if they or their direct family members have some other source of income (such as business/service) reconfirming the assurance of loan repayment capacity. Prakash Guin, a marginal farmer with a B.Sc. degree, does not rely on the private moneylending system not only because he is a person with a good educational background but also because he owns a small manufacturing unit making thermocol glasses. Pranab Guin, a B.A. graduate, is a small farmer accessing bank loans with a standby steady source of income from his apparel store. Prakash was quite confident with his financial situation:

> "I do not have any dependence on the aratdars. Capital from both of my businesses usually complements each other. Still if I need some agricultural loan why should I pay higher interest rate to an aratdar? Moreover, having a KCC account will also provide insurance coverage for my crops. But yes….dependence on aratdars is still there for trading of my agricultural products." (December, 2014)

A supportive financial background, therefore, is a significant pre-condition that influences a farmer's decision to select the source of credit. In the study area, small and marginal holders are less likely to approach banks for loans as they are preoccupied by the anxiety of being a 'defaulter' and not getting further loans. This also makes them think that the local aratdars may refuse to issue further production credit if they approach financial institutions by sidestepping them. For example, Gopal Guin (a marginal farmer) explained that dependence on private moneylenders ensures the continual flow of credit whenever needed:

> "If I cannot repay the entire loan at the end of a production cycle, the aratdar considers my case because he knows that this person would come back for the next production cycle. But failure to repay the bank loan on time will make me a defaulter losing all possibilities to get further loans. This makes me deal with private lenders even at very high interest rates, which can be as high as 36% at times." (November, 2014)

Dhiren Dhar, a small farmer added, "this credit business is run on trust and credence as the local aratdars know us better than the bank [knows us]." (January, 2015)

This indicates the prominence of social relations in the borrower-lender relationship as far as aratdari systems are concerned. As per farmers' interpretations, the relationship has some added traits of "trust" and "credence". It is quite understandable that the easy accessibility and familiarity at personal levels has made the private credit business more prevalent in rural areas. Therefore, the continuous need for capital by poor farmers has led to flows of credits to being seen as a "help" in an emergency. Any crucial requirement for money (whether it is for medical treatment or for marriage of a family member) is catered for by the aratdars instantaneously. Sometimes even awareness of the disadvantageous consequences of informal lending is consciously overlooked by a needy farmer if the financial need of the moment is too acute. Panchkori Mondol is a well-informed small farmer with adequate knowledge of bank loan procedures; but he prefers to opt for private moneylending since the "lengthy processing time and complicated procedures" in financial institutions cause "unnecessary delay in settlements". Farmers consistently note that informal access to aratdars makes it "easier" to get credit. They discount all the merits and securities of bank loans as private lending allows a perennial supply of credit whenever needed without considering their repayment capacity. Gopen Bannerjee (a semi-medium farmer with 2.02 hectares of land) justified his dependence on informal lending: "The bank loans are not issued irrespective of all terms and conditions. If they are providing a loan at 7% of interest rate, they are considering the productive capacity of land also" (December, 2014). Moreover, the repayment to the banks has to be made by the strict deadline of the 31st March (i.e. the end of the financial year), which can be stretched to 31st August. But the local farmers seem reluctant to fit into this system regardless of lower interest rates. In the opinion of Panchkori:

> "Repayment on the 31st August will not make me a defaulter but I have to bear the interest of the additional 5 months [1st April to 31st August). Moreover, if the payment is delayed by just one day [i.e. 1st September) the interest rate will rise to 11%. But the aratdars often

> consider our delays in repayment helping us with continuous provision of capital even to meet our personal needs." (December, 2014)

However, this "help" is actually a loan to be repaid with aratdar-determined interest rates, the calculation of which remain unexplained. Therefore, the apparently cosy social relation between these two groups is actually a subject of social tension as far as the credit business is concerned.

Farmers do not consider the long-term effects of the high cost of credit, which eventually affects their productive capacity as the paucity of funds is accompanied by a recurrent indebtedness and mental worries. Moreover, there is a general reluctance to process institutionalised loans. I found that 69% of the participants do not even try it because of the "cumbersome official procedures". Again, the requirement of legal documentation of land and property ownership is a "troublesome" constraint for them. This is a common trend in the whole country – the absence of any official written tenancy agreements or relevant legal documents causes lower disbursement of formal credit (Sidhu and Gill, 2006).

Satyasai (2008) argues that governmental attempts to promote public policies endorsing formal agricultural credit at cheaper rates could not win out over the increasing influence of private lenders among resource-poor farmers. He suggests that the credit delivery system of the multi-agency approach of formal sector rural banking lacks proper design and architecture. On the basis of NSSO data Satyasai (2008) points out that the cooperative system, which is a vital source of rural credit under the multi-agency approach, failed to integrate credit (financial) and marketing (non-financial) services and thus also one stop solutions have remained unachieved. I examined this issue from the borrowers' viewpoint. The responsive behaviour among the small and marginal farmers towards the cooperative societies were quite reluctant in spite of the fact that cooperative societies were meant for popularising formal credits combined with rural familiarity. The financial credit service still managed to extend among the farmers, though the impact is very limited among the small and marginal ones. However, the non-financial marketing services are yet to be popularised in the study area. Farmers (including the larger ones) are struggling to access proper non-financial services and obtain extended credit on farm inputs. This is not only because of a failure of design and architecture, to use Satyasai's terms, but because of the malpractice of officials involved in local cooperatives. Local farmers were found to be unhappy over poor guidance and forced selling of certain services.

Nakul Guin, a marginal farmer with a formal education up to 10th year in school, expresses disappointment with the services of co-operatives:

> "I would like to avoid the informal lenders if banks or co-operatives can guide me properly. I have taken credits from the co-operative, too. They often force us into buying essential farm inputs. Say, I need some chemical fertiliser. Now the co-operative forcefully sells organic fertiliser at 100INR. Even if I do not need that extra fertiliser, I have to spend the extra money unnecessarily. This forced selling means they earn commission from the fertiliser companies along with some sponsored holiday trips. Do you know that there remain some commission agents in disguise inside the co-operative itself? Now tell me how they are better than the aratdars?" (December, 2014)

His statement on "forced selling" by the "commission agents" within co-operative societies is supported by his colleagues. Even large farmer Dinesh Ghosh expresses the same point of view:

> "I usually avoid dealing through co-operatives for the same reason. I have my own contacts from whom I usually buy farm inputs directly." (November, 2014)

It is likely to be easier for a large farmer like him, but what about the financially vulnerable farmers who are always in need of production credit?

There were complaints against the commercial banks as well. The farmers need the bank officials to be more welcoming to encourage the farmers or share-croppers to take agricultural loans. Anil Hansda is a marginal farmer who did not complete his secondary education; he is uncomfortable with formal procedures. He expects a more "friendly and approachable" attitude from bank officials:

> "I am sort of afraid of approaching bank officials. I do not understand the official and legal procedures. I am not blaming the system or any particular official; but it would be really helpful if someone explains the terms and conditions and other procedures in an easier way so that I can understand and no longer need to depend on aratdars further…. However, I think aratdars are the last option left for me because they are the only source of loans that do not evaluate my collateral securities." (November, 2014)

Therefore, the simpler informal procedures of private moneylending system have become a popular solution to cater the frequent financial demands especially for those who are unable to produce legal documents or cannot feel easy with the formal terms and procedures. Above all, the alleged corruption of the formal financing institutions has created a general aversion towards formal credit systems. The stories that my participants told me indicated that they do not see any point in approaching formal sources for these reasons.

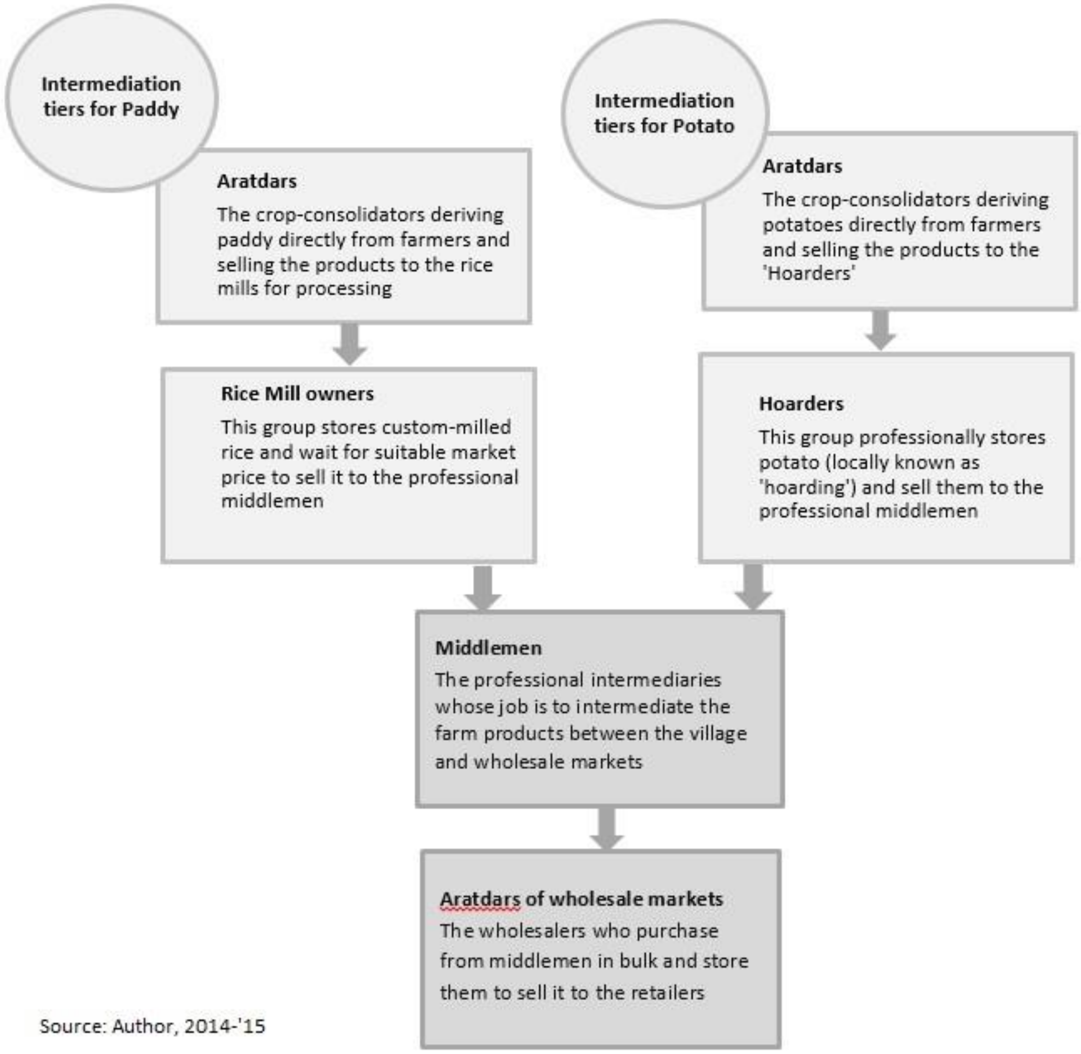
From my field research, it became clear that economic dependence on aratdars is crucial for small and marginal farmers; but large and medium farmers are also not independent from the aratdar system as they are also involved in the trading and storing of agricultural products playing the role of gatekeepers in the supply chain. In the next section, I will show how the roads towards retail markets have been clogged by aratdars and other intermediaries leading to the redundancy of other supply networks.

5.4 Limitations in marketing networks at various levels

5.4.1 A crucial constraint against generation of agricultural revenue

In this section, I will discuss how the aratdars have become the gatekeepers of supply chains. Based on a thorough empirical review of the supply chains for agricultural crops, I argue in this section that a stable and cost-effective marketing infrastructure is required to safeguard the economic and social interests of the farmers. Sub-section 5.4.1 will identify the locally operative intermediation jobs for different crops. The following sub-sections (5.4.2 and 5.4.3) will describe the supply networks for two different categories of crops in the study area – potato (the main commercial crop) and paddy (the main food crop) along with a discussion of the practical difficulties faced by local farmers in marketing their products. It suggests that production of capital intensive commercial crops like potato can cause recurrent financial dependence on aratdars. Subsequently, this may lead to severe financial and psychological distress occasionally resulting in farmers' suicides. In sub-section 5.4.4, therefore, I argue that a potential solution for farmers' marketing problems is to be found in government efforts to fill the gap between farm gate and wholesale markets so that the dependence on aratdars and other middlemen can be reduced at least to a certain extent.

Figure 5.3: Intermediation layers for paddy and potato



Source: Author, 2014-'15

It is already found that aratdars (i.e. crop consolidators) are the first intermediaries to procure the agricultural output from local farmers, even if the farmer has not taken any loan. Their financial muscle has added an extra advantage to their job of crop consolidation as so many farmers are dependent on them for marketing their crops. However, aratdars are not the intermediaries who directly send the products to retailers. The route to retail markets is not as simple as portrayed in the existing literature as discussed in previous chapters. The entire network is complicated and cannot be expressed as a simple straight line. The route also varies depending on the type of crops. Therefore, my field research explored the prototypical networking systems of agricultural outputs for the two major crops in the study area, potato and paddy (Figure 5.3). For the marketing of paddy and potato, intermediation is performed in three steps until it reaches the wholesale markets; however, the types of jobs vary at different levels, each moving the procured crops forwards to the next. Figure 5.3 depicts a comprehensive outline for crop-specific intermediation jobs. The agricultural supply network in the study area is overcrowded by a number of intermediaries significantly affecting farmers' earning and increasing the price of products for consumers, as I will discuss in the following sections. In the next sub-section, the supply network for paddy will be detailed, with similar treatment for potatoes in the sub-section that follows.

5.4.2 The supply network for paddy: to what extent do farmers have any influence?

Based on field research, this sub-section explores the practical difficulties of marketing paddy with an illustration of its supply linkages that involve several layers of intermediation. The basic argument of the sub-section is that dominant intermediary activities coupled with negligence in the execution of governmental assistance programmes has magnified the problem of economic and social instability of the local paddy growers.

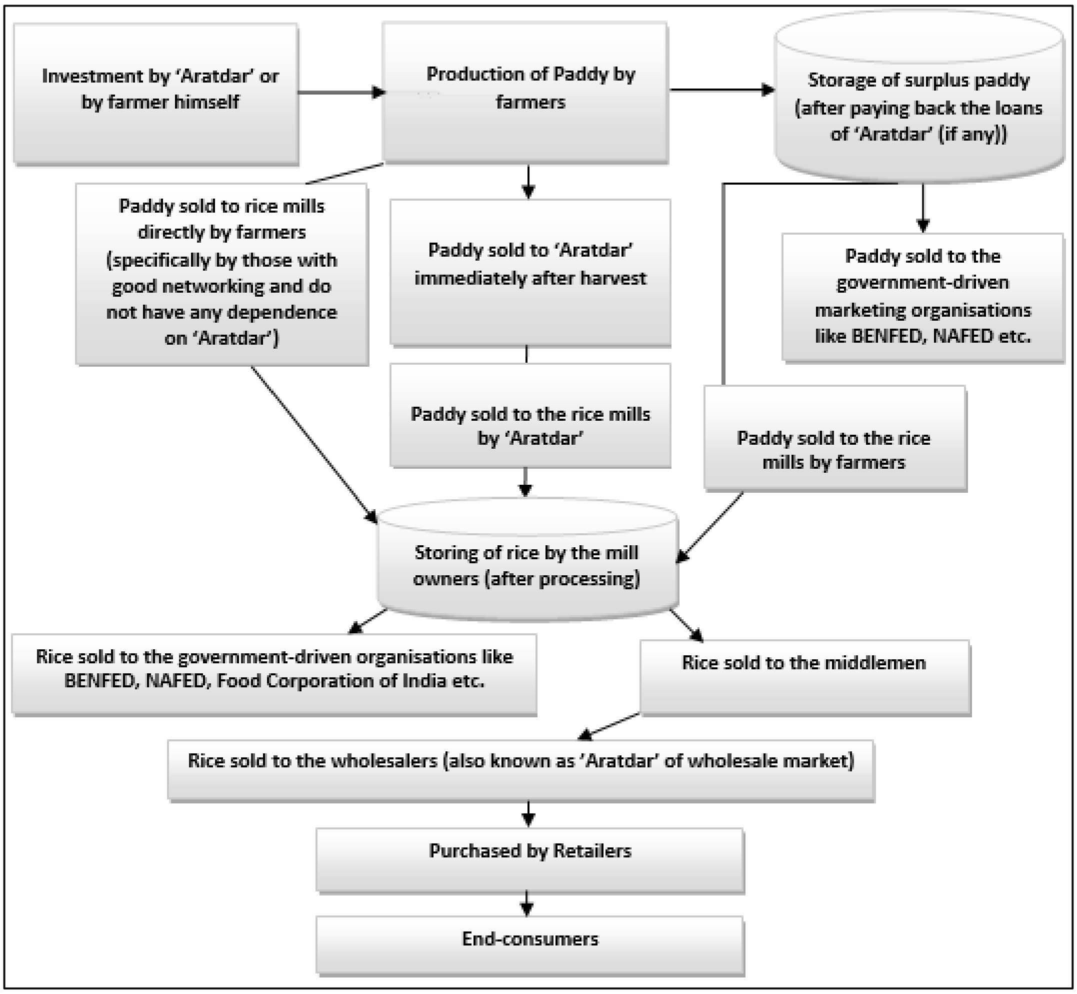
Rice, the primary staple food in WB, covers the maximum share of total agricultural lands in Bardhaman (NIC, Bardhaman District Unit, 2015). There are different varieties of locally produced paddy rotationally cultivated in seasonal cycles, i.e. Kharif (sown in the monsoon season) and Rabi (sown in winter). Swarna paddy (Aman category) is a non-basmati Kharif produced in Rukminipur in June-July (sowing) and October-November (harvest). The Boro paddy (Rabi crop) is of finer quality, cultivated in December-January (sowing) and April-May (harvest). The market demand for the latter is usually high.

However, the production of Aman paddy in the study area is higher as the farmers remain engaged mostly in the production of cash crops such as potato during the 'Rabi season'. The farmlands in the study area are also allocated for paddy cultivation on a rotational cycle with potatoes. It is important to scrutinise how far this cultivation is advantageous in terms of economic returns as all the farmers are involved in paddy production. To answer this, I will discuss the existing supply system of the crop depicting the usual procurement and marketing processes (Figure 5.4).

The average production costs for paddy range between 8,000 INR and 10,000 INR per bigha (1 bigha = 0.4 acres as per the local calculation). Farmers taking production credit from the aratdars are forced to sell the harvested paddy straight from the farmland at the price offered by the lenders. At this point, the crop is handed over from the original producers. Paddy handed over to the aratdars is procured by the local rice mills for processing. If the farmer has a surplus of paddy after paying back loans, he stores it in his own house and later sends it to rice mills in expectation of better prices. On the other hand, the farmers without any financial dependence on aratdars send their product straight to the rice mills. However, both groups of farmers try to store paddy for a third party (other than aratdars and rice mills) to buy the paddy from them; these third parties are government-run marketing federations like BENFED (The West Bengal State Co-operative Marketing Federation Limited) or NAFED (National Agricultural Co-operative Marketing Federation of India Limited).

The custom-milled rice at the rice mills is primarily sold to the professional middlemen who bridge the gap between village and wholesale markets. A certain quantity of this rice is also sold to government agencies like BENFED and NAFED, which operate through co-operative society networks throughout the state.

Figure 5.4: **The supply network of paddy from farmer to retailer**



Source: Author, 2014-15

Figure 5.4 shows that the procurement of rice by the retail outlets is not a direct line as the journey involves a number of intermediate stages that implicate numerous financial settlements between the intermediaries and farmers depending upon market fluctuations.

The procurement process of paddy may deviate from the depicted pathway (Figure 5.4) as the stakeholders, whether farmers or intermediaries, always intend to maximise profit out of the market. For example, the price received by farmers is always subject to market demands and this demand-supply mechanism is not only responsive to the domestic markets; sometimes the export of rice influences the income of farmers. Occasionally, when neighbouring Bangladesh fails to sustain its own demand, high demand for non-basmati rice from Bangladesh causes the price to hike on the domestic market. Again, in a year of zero exports, a large harvest can become a setback for farmers with a sharp drop in price. For example, WB experienced a 17-21% fall in price of Kharif non-basmati rice in 2011-12 compared with the previous year, while production increased by 15% (Ghosal, 2012).

Such market uncertainties magnify the vulnerability of paddy growers, and more specifically of small and marginal ones. However, the governments of India and WB have their own procurement procedures for paddy to safeguard the interests of farmers. Local farmers informed me that the government-determined price for non-basmati Swarna paddy harvested in October and November 2014 was declared to be 816 INR per bag (each containing 60 kg); this was seen as a “satisfactory price” as the mill owners were offering about 750 INR per bag to the aratdars or to farmers who were selling directly to the mills. However, the aratdar-determined price was, surprisingly, lower even than that of the mills. The procurement cost paid by the aratdars for Swarna paddy was as low as 680INR per bag in March and April 2015. In this situation, dealing with the government could be more cost-effective and profitable for the farmers. But the farmers complained that there was no sign of government initiative in Rukminipur until February and March 2014. Gopen Bannerjee, a semi-medium farmer complained:

> “For the last two months, it has been announced in print and electronic media that paddy will be purchased at the government-determined price. But when will this materialise? This is ‘Poush mas’ in the Bengali calendar [mid-December to mid-January in the Gregorian calendar] and we religiously perceive this month to be ‘Lakshmi mas’ [named after the goddess of wealth and prosperity], when we do not sell our major food grains. We usually pile up threshed paddy (locally known as ‘gola’: see photo 5.3) before ‘Poush mas’ starts and we invest as well once ‘Poush’ is over. There is no local notification yet about a possible government site where the paddy will be bought.” (December, 2014)

Photo 5.3: **'Gola': Storage for paddy at a marginal farmer's household**

Source: Author, 2014-15

The religious belief and rituals performed by the farmers, therefore, have considerable significance in their livelihood planning. Even if I ignore all the religious customs that can appear as constraints hampering these deals, the question remains whether the farmers are currently benefitting from these government procedures? The government imposes a ceiling each year beyond which quantity, a farmer cannot sell paddy to the government agencies. Small farmer Dhiren Dhar criticises this raising a newer issue:

> "Even if a farmer is willing to sell a portion of product at government-prescribed high price in 'Lakshmi mas', still there remain certain problems. If I have already piled up my paddy, I would definitely not prefer to distort the gola just for 10 bags unless someone wants to buy in huge bulk." (January, 2015)

According to a number of my interviewees the number of bags to be bought from a farmer is allocated prior to the sale. Farmers, they claim, do not have any scope to sell according to their own convenience. A government organisation like BENFED or NAFED advises the local co-operative societies (here, Sridharpur and Gantar co-operatives) to buy a certain quantity of paddy from each farmer at the pre-assigned rate. Therefore, sometimes the ceiling on the quantity to be sold goes against the farmers' choice; sometimes the sale is impeded because of religious observances.

There was also a complaint against a delay in payments. As Tarapada Mondal, a small farmer, explained:

> "Payment does not come immediately after the deal. First it takes about one and a half to two months. Secondly, the amount will be paid by cheque and the farmer must have a bank account to cash it. There are many small and marginal farmers who do not have any bank account. No wonder poor farmers depend on the aratdar system." (January, 2015)

When I contacted the local farmers again in May 2015 progress was still slow. There was no news of government initiatives at the local level. If this is indeed normal practice, then a small and marginal farmer with very limited assets cannot wait for a year to get a better price as they have already run out of funds. This was the situation in 2014-15. However, at times the farmers become more interested in dealing with the aratdars rather than any government agencies. For example, in 2013-14, the government-offered price for non-basmati was 786 INR per bag while the farmers received a better price from the aratdars and the mill-owners, the average of which could be estimated at about 900 INR per bag (the price varied between 860 INR in December-January and 950 INR in August-September). As expected, the price reached its peak before the harvest started for the next production cycle. Dinesh Ghosh, an experienced large farmer, told me that the high demand for the crop was generated not simply because of the fact that other districts or states were running out of stock, "but there was high demand from Bangladesh also".

In 2015, the seasonal price index of Swarna reflected lower demand causing a significant fall in the price received by farmers (i.e. 680 INR per bag as discussed earlier). In such circumstances, if direct dealing at the government-determined price (816 INR per bag) were possible even for some restricted quantity of paddy, it would have been helpful for the farmers to some extent. Additionally, the rice mills have their own way to maximise profit. Even after being advised to buy paddy at a rate of 816 INR, rice mills pay much less to the farmers – in a "deceitful way" according to Kirti Roy, a semi-medium sized holder:

> "The mill-owner gives [the farmer] a voucher [issued by the government] showing that this quantity is bought at the prescribed rate. The government is being informed that the farmer has got the right price. But no one knows how much I deserved and how much I actually got. The mill-owner usually convinces to reject a certain quantity of paddy for some reason. Thus he gathers a considerable quantity of rice deceiving the farmers plus he has rice produced by

> himself. He is selling the entire quantity at the rate of 816 to the government agencies [such as BENFED and Food Corporation of India]. In fact he is making a profit from both sides. If the government could arrange markets for trading in an organised way, it would be really helpful for us." (December, 2014)

The profit of the mill-owners is also derived from the production of rice bran (about 3-4 kg of bran from each bag of paddy) which is excluded while processing rice. This bran is sold at a rate of 40-60 INR per 60 kg bag. The farmers do not have any share of the income out from the rice bran that originally came from the output they sold.

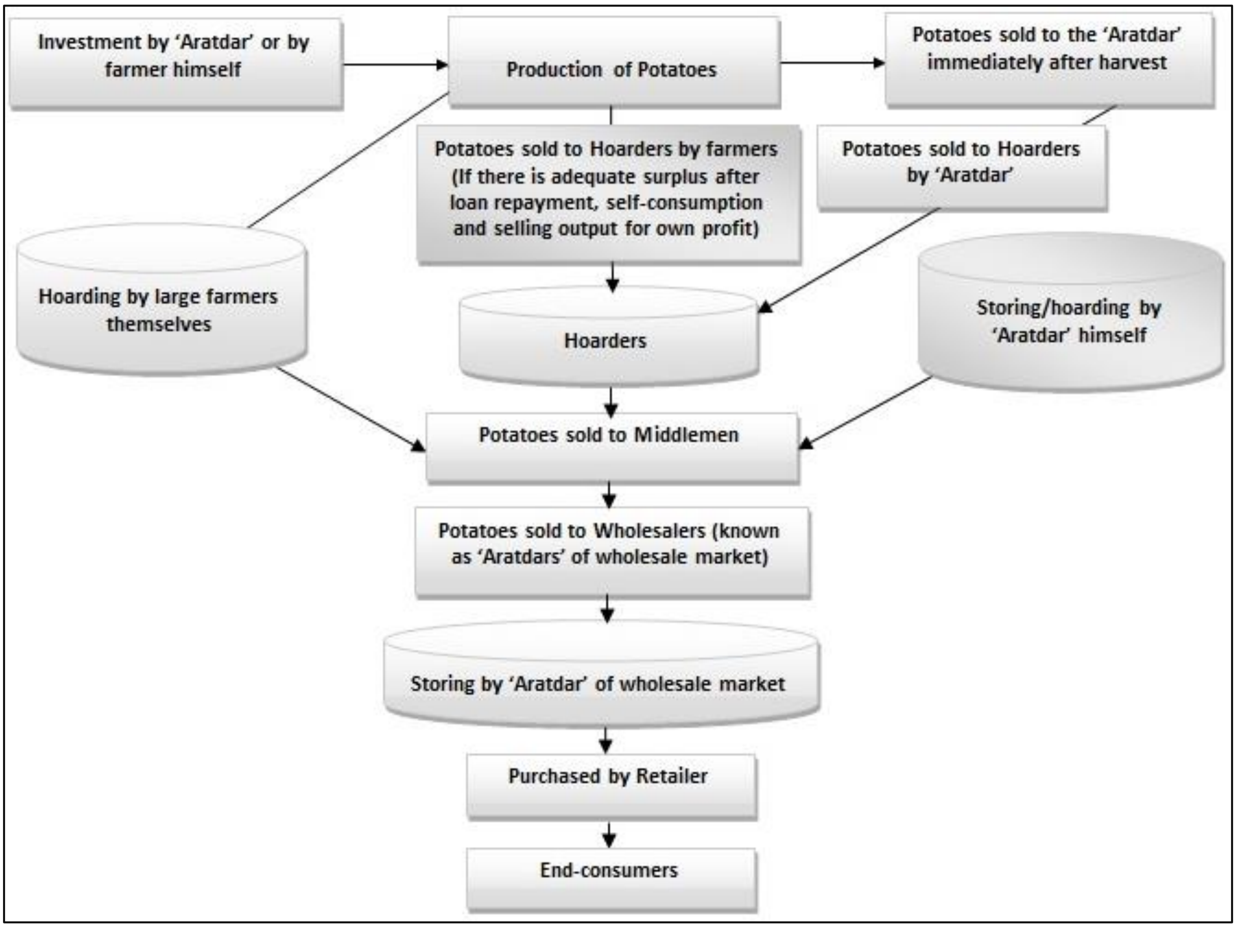
Farmers are likely to be susceptible to market volatility in an intermediary-controlled supply chain where dependence on intermediaries is the primary condition for marketing agricultural products. Moreover, a delayed or disorganised execution of marketing procedures by the government intensifies the poorer farmers' economic insecurity. The crises become more acute for those who are indebted to the aratdars because of their obligation to sell products at a lower rate. Therefore, a complicated supply network coupled with market insecurities not only affects farmers' income but also exerts continuous psychological pressure on them. The uncertainty is higher for the commercial crops that require higher production costs and post-production storage and maintenance costs. In the next sub-section, I will discuss how the resource-poor potato growers in the study area manage to survive in the existing marketing system even after producing a high value crop like potato.

5.4.3 The supply network for potato: To what extent can the production of a cash crop be advantageous for a farmer?

This sub-section offers a detailed discussion of the supply linkage of the principal commercial crop of the study area, the potato. It argues that independent production of a high value market-oriented (yet perishable) crop like the potato has become a double-edged sword for debt-laden farmers whose aspiration for a higher income is often crushed due to the usual boom and bust cycles of the market. Additionally, it suggests that the costs involved in post-production maintenance of potatoes at different layers of intermediation, including packaging, transportation and storage, eventually increases the market price with hardly any beneficial impact to the income of poverty-stricken farmers, whose crop has been handed over to the aratdars. Therefore, the basic argument advanced in this sub-section does not differ much from that of sub-section 5.3.1, in which redundant agricultural supply chains are seen to be one of the principal causes of the economic and social vulnerability of farmers.

Potato is the major commercial crop produced in the study area. Potato-growers report that they require a good amount of investment since the production cost is as high as INR 22,000-24,000 for each 0.16 hectares (or 1 bigha) of land. As discussed in the previous section, aratdars provide the production credit in most cases, ensuring an obvious reason why they should buy the output during harvest straight from the indebted farmers. Once the loan is paid back, the farmers keep aside a certain part of the remaining quantity for family consumption. The small farmers mostly keep the rotting and low quality output for self-consumption. Then the surplus potatoes (if any) are sold to a local 'hoarder'. 'Hoarder' is the most commonly used term in the study area to categorise the stakeholders who professionally perform the warehousing jobs (specifically for perishable products like potatoes). A financially capable farmer can play the role of hoarder him/herself and store a huge quantity of potatoes in nearby cold storages. Dinesh Ghosh, a large farmer with about 11.33 hectares of land produces about 5,600 bags of potato (i.e. 280,000 g of potatoes—each bag contains 50 kg.) in an average production cycle (considering average productivity to be 80 bags per bigha). Since these farmers are not bound to sell their produce to the aratdars during the harvest, they generally wait for the right time to obtain the best market price. The large farmers also buy potatoes from their smaller counterparts and send all the products to a cold storage. Alternatively, there are some professional hoarders also who purchase the farmers' output and stockpile those (see Figure 5.5).

Figure 5.5: **The supply network of potatoes from farmer to retailer**



Source: Author, 2014-15

Some aratdars also sell a certain quantity of potatoes to the professional hoarders and some store the potatoes themselves and then sell directly to a middleman. The aratdar has to bear a certain amount of the expense before selling to the hoarders. Expenses involve labour costs (for sorting, weighing and packaging), packaging costs (for the purchase of bags) and transport cost (to transport the products to a hoarder). Both the labour cost and packaging cost are on average 10 INR per bag of potatoes. The average transport cost is normally 8-12 INR per bag. Transport costs vary according to the availability of local vehicles and accessibility of the field where the potatoes were grown. In addition, sometimes untarmacked or uneven roads to the fields can raise the cost. The cost may also vary depending on the location of the farm; the higher the distance from motorways, the higher will be the transport cost.

Therefore, usually an expense of 28-32 INR per bag of potato (usual rate) is borne by the aratdars and as expected they keep some profit (which is generally estimated to be 7-8 INR per bag) for themselves before handing over the products to a hoarder. Thus, at this stage 35-40 INR is added per bag.

Once the products are transported to the hoarder, additional costs are involved in the process. Storing a perishable product like potatoes involves some unavoidable costs which tend to increase the ultimate mark-up price (i.e. the extra costs added to the cost price of goods to cover expenses and profit of the stakeholders). My study of the existing system at Rukminipur shows that the extra cost varies with the original price of the potatoes received by the farmer; the lower the price, the higher will be percentage of mark-up. This cost is incurred mainly due to storage rent, 'grading' and shrinkage of the potatoes. Table 5.2 clarifies the entire process of additional mark-ups at different stages.

Table 5.2: **Calculation procedure of additional mark-ups for potato pricing** (*It is exemplified in Figure 5.6)*

<table>
<tr><td colspan="4">X = Price received by the producer</td></tr>
<tr><td>After involvement of 'aratdars'
Y = Additional amount added on X

At the end of the stage, product price = (X+Y)</td><td>$Y = y_1+y_2+y_3+y_4$</td><td>y_1 = Labour cost
y_2 = Packaging cost
y_3= Carrying cost
y_4 = Profit of 'aratdars'</td><td>y_1, y_2 and y_3 are independent of X i.e. the price received by the farmer</td></tr>
<tr><td>In the process of hoarding,
Z = Additional amount added on (X+Y)</td><td>$Z = z_1+z_2+z_3$</td><td>z_1 = Store rent
z_2 = Loss incurred due to dehydration
z_3 = Loss incurred out of 'grading'</td><td>z_1 (i.e. store rent) is independent of X;
z_2 and z_3 vary depending on Y as the amount of monetary loss varies according to the unit price of potato at this stage</td></tr>
<tr><td colspan="4">The % of additional mark-ups after going through first two layers of intermediaries (M) = {(Y+Z)/X}*100
Therefore, higher the X, lower will be M
NB. The factor involving hoarders' profit has been intentionally avoided (at second step) as it fluctuates with market demands while the profit margins of 'aratdars' usually varies between 7 and 8 INR per 50Kg bag of potato.</td></tr>
</table>

Source: Author, 2014-'15

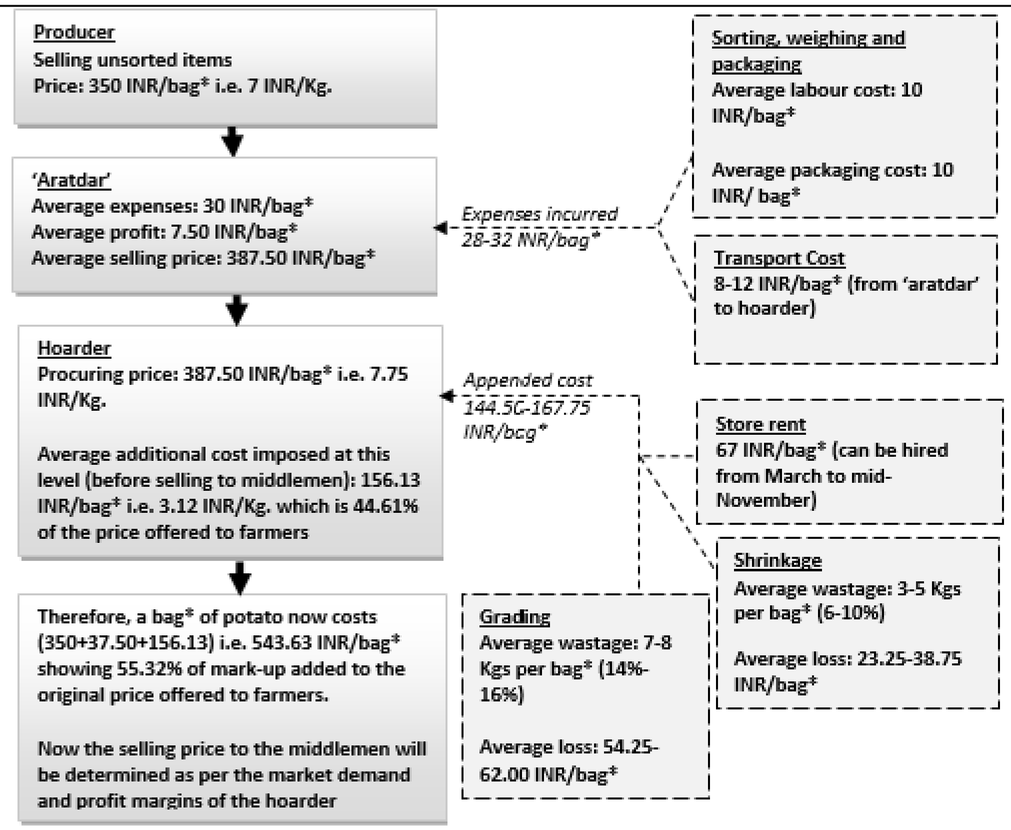
The process can be explained in the following way (further clarified in Figure 5.6):

- Cold storage is usually rented on a fixed contract of 67 INR for each bag of potatoes that can be stored from March to mid-November, irrespective of when the products are taken out of store.

It implies that a person will have to pay that prescribed amount per bag without considering the length of period he/she has used the store. A store-owner counts in the insurance premium within the store rent as he is liable to pay the insurance company directly.

- Potato hoarding also involves shrinkage of potatoes. Dehydration causes loss of weight which can be estimated to be 3-5 kg per bag (on average) over the allotted period. As time passes, shrinkage increases. For the potatoes stockpiled in March, average weight loss is not more than 1-1.5 kg in April-May, while in August the figure reaches 3-5 kg for each bag; if the hoarding continues until October or later, the figure can be as high as 7 kg per bag.
- 'Grading' indicates the process of sorting out the potatoes according to size (because the market price of a potato varies corresponding to its size). Local farmers report that grading usually categorises their output into three sorts—'fresh' (best in size and shape), *majhla* (medium size) and *kyant* (tiniest size). Another category is made up of sorted (*chat*) or cut-piece potatoes (with cut-marks). Grading is not done until the potatoes are sold to the hoarders. At that time a bag contains 50 kg of unsorted potatoes. Therefore, before the stored stock of potatoes are released, grading is necessary to provide the consumers with standardised products at fair prices. The smaller the size, the less will be demand among consumers and hence, price will also be lower. Farmers report that the average quantity of rejected potatoes from a 50 kg bag rarely exceeds 10 kg; generally the average wastage is 7-8 kg per bag.

Figure 5.6: **Method of imposition of additional cost on each bag* of potatoes**



NB: The calculation has been done on the basis of the price a farmer usually derives when a market condition is moderately good i.e. 350 INR/bag*. The figure may vary. For example, if the farmer gets 500 INR/bag* (in case of very high market demand), then the additional cost (added at two steps before selling to the middlemen of wholesale market) of the hoarded products will be 228.13 INR/bag* which is 45.63% of the price offered to the farmers. The higher the price received by the farmers the lower will be the mark-up. In the case of a very poor market condition, if a farmer receives 120 INR for each bag* of potatoes the mark-up can be as high as 117.27% resulting in a huge loss for the hoarders who have to bear all the depreciation costs related to storage but will receive lower price from the middlemen as the demand for the product is low at the wholesale markets.

* *Each bag contains 50 Kgs. of potato*

Source: Author, 2014-'15

Thus, the amount of additional cost imposed on each bag of potatoes continues to increase the final product price (a detailed calculation is depicted in Figure 5.6 with a sample base price).

In addition to the above, the hoarders mark up prices further to earn profits resulting in a further escalation of cost. However, the percentage final mark-up is difficult to estimate as it depends on market demand and also on the decisions of middlemen. The farmers and aratdars (whoever is storing) decide the time and quantity of output to be sold. In fact they have to keep themselves well-informed about market activities and price fluctuations. On the other hand, the professional hoarders (to whom surplus potatoes are sold) also follow the market situation with the definite goal of profit maximisation. Here, 'market price' means the price offered by middlemen who act between farmers/hoarders and wholesale markets. In fact both categories of hoarders try their utmost to sell the stored potatoes at the best possible price. But waiting for the best price can be risky. Because the price offered by the middlemen is subject to market demand, which is dependent on the relative production rates in other potato growing regions both within WB (in the districts of Hooghly, Paschim Medinipur, Bankura and Jalpaiguri) and across the country (in states like Punjab and Uttar Pradesh). Additionally, there are some common factors associated with potato cultivation such as potato blight and pest attack that intensify market speculation.

Low production in other regions can boost the market price even for medium quality potatoes and farmers/hoarders can expect higher returns. Again, the reverse may also occur. Even after adequate production of good quality output, storage may not be so advantageous because success is a relative term as far as agricultural marketing is concerned. For example, if other regions also produce in abundance, then the simple supply and demand mechanism will prevent the price rising further due to greater supply. In such cases, potato storage can be a setback if the price offered by middlemen is lower than the initial price at harvest time; or the farmers/hoarders may face a no profit no loss situation. Dinesh Ghosh, a large farmer also involved in potato hoarding, compared this business with "buying lottery tickets". He further added that potato storage is so speculative that "one may buy a new house and a car within two years and in the third year one can experience bankruptcy". Hence, the hoarders have an option to take loans from co-operative societies and nationalised banks against the contract receipt (familiarly known as "bond paper" among local farmers) issued by the store owner detailing the quantity of potato against the hoarder's name. A hoarder can get a loan of up to 60-70% of the market price of potatoes. Once the stored items are sold, the professional middlemen hold control over the supply network at this point and send the output to the wholesale markets from where the retailers will collect. The producers are completely ignorant about the final destination of their products and thereby the final prices remain unknown to them too.

A very important issue in this context is that potato production in WB always runs in a 'boom and bust cycle' (FPIS, WB, 2013). Bumper production followed by lower prices of potato (and thereby economic loss) within the year forces farmers to produce less in the next year resulting in a rapid escalation in price. The Food Processing Industries Survey (FPIS) (2013) reports that the cycle continues repeatedly and "there is no mechanism to stabilise the volume or price" by the state or central government. For example, producers in Rukminipur experienced a good monetary return from potato farming in 2014 because of higher market demand. The farmers report that the average selling price after the harvest was around 350 INR per 50 kg bag which increased to 430 INR later. Potato storage was also effective as the hoarders received good prices from the middlemen by adding a higher profit margin with the added mark-up. The demand for potatoes in other states outstripped the usual supply to such an extent that the Chief Minister of WB decided "to stop the movement of potatoes from the state in order to ensure adequate supply at home" (Ghosal, 2014). This reflects high demand within and outside the state that resulted in a price hike. However, in 2015 the situation turned from 'boom' to 'bust'. The previous year's profit led to average productivity rising high as 100 bags per bigha (while average productivity normally ranges between 75 and 80 bags per bigha) in Rukminipur.

Abundant production eventually appeared as a setback to the farmers as the traditional buyers of WB potatoes (i.e. Odisha, Bihar, Jharkhand and North-Eastern states) moved to reduce their dependence on WB, and overall production increased by 25-30% across all potato growing states. Therefore, a rise in production by 15% in WB could not be effective any more. Rather the price dropped to 140 INR per 50 kg bag (Ghosal, 2015). Ghosal's report in the *Economic Times* was published on 20th March, 2015. When I contacted farmers in Rukminipur on 24th April, they reported that the price they had received until that point was as low as 120 INR per bag, which reflects a reduction of 65.71% per bag over the previous year's price (350 INR per bag). However, the production costs (22,000-24,000 INR per bigha) remained unchanged. This time the average productivity was 100bags/bigha. Thus a farmer in Rukminipur earned 12000 INR per bigha – which indicates a loss of 10,000-12,000 INR per bigha.

Such economic losses of debt-laden farmers can induce acute psychological depression that occasionally ends up with the worst consequences like suicides. Mishra's research (2006:1538) on Maharastra's cotton growers suggests that, despite climatic and market uncertainties and indebtedness, small and marginal farmers willingly take up experiments with expensive crops in the hope of higher economic returns. But at times, less responsive market causes "crashing of dreams" which is often paid off by their lives. This has grown into an epidemic among the potato growers of WB. In 2015, the suicide toll reached 22 in WB within just two months of March, when harvesting started, and April due to the drop in the price of potatoes (Mukhopadhyay, 2015). This is, therefore, an intense social crisis exposing vulnerable farmers to a socio-economically hostile environment which is affecting their psychological stability. Psychological anxieties related to financial crises and loan repayments also affect crop production directly or indirectly resulting in poorer economic revenue to the state as a whole. Ganesh Guin who was struggling hard against the unfavourable market conditions, expressed his frustration in the following way:

> “I wish I would have skipped the expensive potato farming for this production cycle….. In that case, I would not have to bear a new loss at least. I just have no idea how I will repay my loans to the aratdar and do not understand what to feed my children with for the rest of the year.” (April, 2015)

This indicates that cultivation of a commercial crop is like a double-edged sword for the local farmers as neither can they escape the production in hope of bigger return nor can they endure the post-production losses. It drags them into further indebtedness with endless mental worries. Although the farmers with alternative livelihood or an affluent family background can manage to withstand the sudden market hazards, the feeling of social integration with their poorer counterparts affect them psychologically too. Dinesh Ghosh is a large farmer with a furniture shop and a rental wedding hall. He is capable of withstanding such financial hazards. But his concerns for his colleagues make him apprehensive about his own future too:

> “If the market price of potatoes goes down, my family would not starve as I have some supplementary sources of incomes. But these people grow potatoes in expectation of some profits. A crisis in the market means a crisis in their families. If you see your kids and wife are starving and the unpaid loans are piling up, it is quite natural that your mental stability will be severely affected. I have seen this in my village …. desolation, starving and so on.… Even couple of years ago there were cases of suicide in neighbouring areas of Rukminipur, too…. How would you feel if you saw people around you engaged in the same profession commit suicide?” (April, 2015)

There are clearly questions about the ability of the state to provide a secure economic and working environment for the people in pursuing a living that generates the highest employment in the state. If a failure in a productive cycle of a specific crop ultimately turns out to create social panic, with farmers taking their own lives, to what extent can the farmers feel secure? The role of government in controlling this crisis is of the utmost importance. But how far can the immediate actions taken by government become fruitful in the face of such market uncertainties? To combat this situation, the WB government started procuring potatoes from the farmers for direct sale at a price of 250 INR per 50 kg bag (5 INR per kg) in March 2015 to compensate the farmers to some extent by clearing the surplus stock (PTI, 2015). However, no government involvement materialised in Rukminipur till June 2015.

5.4.4 Future supply systems for agricultural products through governmental efforts

The current situation crucially demands for a structured and solicitous supply system with proper marketing exposures for the farmers. In this sub-section, I will discuss the possible options for setting up a good supply network in favour of farmers' interests so that financial impoverishment cannot get in the way of good agricultural marketing. Here I discuss governmental efforts to set up markets for farmers that would enable the original producers to reap the advantages of original market prices by sidestepping the middlemen. However, it argues that even such solutions may be insufficient unless the financial dependence of farmers on informal credit sources is reduced at the local level.

The discussions in 5.4.2 and 5.4.3 suggest that appropriate marketing opportunities can enable indebted farmers to repay their loans to the aratdars bypassing the obligatory dependence on them for marketing; and thus their social and psychological securities can also be assured through a proper economic setting in favour of the farmers. The WB Government has set up a number of initiatives designed to reduce the gap between the farmers and the wholesalers on governmental initiatives.

The Department of Agricultural Marketing, WB, is about to set up Krishak Bazars (farmers markets) (alternatively known as Kisan Mandis) at each of the 341 local blocks in all districts. This project is still under trials as a definite move to make the existing agricultural marketing system more "farmer-friendly and remunerative" by eliminating the chain of middlemen. These bazars will be endowed with a number of "marketing facilities like cold storages, auction platforms, seed stalls, Agricultural Input Procurement Hubs (AIPH), etc." (Department of Statistics and Programme Implementation, 2014:74). It is expected that this will enable farmers to come into direct contact with the wholesale buyers, exporters, processors and even the big retailers (including supermarket chains) as has happened in other states like Andhra Pradesh, Karnataka, Odisha or Punjab (FnB News, 2015). The implementation of Krishak Bazars will not only simplify the marketing of agricultural products but will also help the farmers to procure farm inputs from the AIPH at fairer prices without paying the extra money to aratdars or local agents.

The foundation of such a market in Memari Block-I (which the study area belongs to) has already been established. However, I found that local farmers are not very optimistic about the successful implementation of the local Krishak Bazar because of their disappointing experience with the governmental organisations like NAFED and BENFED as discussed in sections 5.4.2 and 5.4.3. Moreover, their economic instability has kept them under constant psychological pressure over loan repayment.

The comments of Asit Guin (a small farmer) reflected an indifferent response towards the implementation of Krishak Bazars:

> "Let the government decide first how many big retailers or exporters are going to come to Memari. Besides, production is the pre-condition for marketing. What about that? How much surplus will be left from my small piece of land after repaying for 'dadan' [production credit] each year?" (January, 2015)

This raises a question about the applicability of Krishak Bazars for small and marginal farmers. How many of the small and marginal farmers will be able to bear the additional transport costs to access a bazar? Additionally, it is very obvious that they will be left with limited surpluses after repayment of loans to aratdars, and therefore unfavourable economies of scale may not permit them to bear the additional costs. If there remains some option of dealing at the farm gate, it can be more advantageous for them.

The financial dependence of the farmers on local aratdars is the key issue in this regard because this level of dependence leads inevitably to the continuation of the existing intermediation system. Even if farm inputs are obtainable at affordable prices at AIPHs in Krishak Bazar (to avoid the higher prices charged by the aratdars or commission agents), the question of farmers' accessibility to markets and transportation charges are important. There might be another probable risk in this context. If small and marginal farmers begin to depend on their large or medium counterparts for transportation and marketing, then a new group of intermediaries may emerge in an indirect way making a profit from the financial fragility of the weaker section. A solution could be the formation of groups of small and marginal farmers to bear transportation and similar charges together and thus take advantage of economies of scale. These issues will become clearer once the local Krishak Bazars start their operation in respective blocks of WB.

At this point, the most significant issue, therefore, is the prevailing dominance of the informal credit business that has subsequently affected the local economy in various ways. If the formal financial institutions are still struggling to cover a majority of the small and marginalised agricultural population, can corporatised farming be a feasible channel to encourage production investments and proper agricultural marketing? This question suggests the need for first-hand research in Rukminipur, where local potato producers are engaged with the giant multi-national PepsiCo India. This issue will be explored in the following chapter.

5.5 Conclusion

In this chapter, through an analytical discussion of my empirical findings, I have shown that the existing supply network for agricultural products is very complicated due to the heavy dependence on multiple levels of intermediaries. My field research identified that an acute lack of better investment sources – preferably formal institutions – is the root cause behind this. It suggests that the aratdars are the dominant controllers of the local financial and marketing systems. Aratdars, being the key 'investors' for agricultural production, have a firm hold over the financially dependent farmers compelling them to sell their products only to them; there is an overwhelming proportion of farmers who are heavily dependent on the aratdars. Therefore, the influence of the informal credit business is enormous in certain parts of the supply chain, especially at the village level. More importantly, they have become the group who stand first in the line of intermediaries between farm and retail outlet. Thus, dependence on aratdars is considered to be an obligatory trade-off for agricultural marketing for the farmers irrespective of farm sizes – even for farmers who are not financially dependent on aratdars. The lack of alternative routes to reach domestic consumers confirms the absence of an ideal marketing system for agricultural products. Lack of financial resources, coupled with lack of storage facilities in the study area, has intensified the problem further. For example, marketing of perishable items like potatoes involves an intermediating tier of 'hoarders' to pay the rental charges for cold storage along with other expenses related to storage. This adds another mark-up before the products are handed over to the next tier of intermediaries which is directly linked with the wholesale markets.

The existing system has not only threatened the financial and social security of local farmers, but it has also posed a challenge to the flow of agricultural revenue to the state. Therefore, this issue demands urgent attention from policy makers and economists as the case study in the agriculturally 'prosperous' area of Bardhaman demonstrates a notable set of infrastructural problems, some of which have disrupted even the socio-psychological health of the farmers. Certain new measures such as the Krishak Bazars (farmers' markets) are in the pipeline as a result of government initiatives to improve the existing marketing system. It is debatable whether Krishak Bazars will be able to eliminate the middlemen's mark-ups from the supply chain; but undoubtedly this can be considered a forward move to provide the farmers with good marketing opportunities, bypassing the middlemen, while the consumers should be able to get farm products at affordable prices bypassing the additional mark-ups.

Nevertheless, there remain risks of market fluctuations. Drastic falls in prices of a certain product can bankrupt financially vulnerable farmers in a single production cycle as happens among the potato growers in WB (2015 being a good example). Risk is higher for capital intensive crops like potatoes. However, farmers in Rukminipur who struggle financially are more drawn towards potato growing than any other crop cultivated in the area. Consequently, production of market-oriented crops has thus become a double-edged sword. On the one hand, they are produced in the hope of better economic returns; on the other hand, they requires more investment credits and do not assure higher returns because of the boom and bust nature of the potato markets Therefore, even market-oriented crops can hardly solve the perennial financial distress of the farmers. Moreover, the involvement of numerous intermediaries increases the retail price as mark-ups continue to be added at several stages of the supply chain. In the case of a perishable product like the potato, crop wastage (and thereby a corresponding loss of income) is an additional problem.

A key question arises here: can vertical integration of the supply chain resolve these problems? On the one hand, it can potentially reduce the wastage of farm products keeping the retail price lower. On the other hand, the involvement of corporate investors can help farmers combat market uncertainties by securing a contracted amount of money in each production cycle. Fixed contracts can at least assure a certain amount of money irrespective of the demand-supply mechanism of the open market. This can also help to reduce the financial dependence on aratdars along with creating an opportunity for farmers to be vertically integrated within the supply chain by side-stepping the middlemen. The financial provisions of corporate contractors in terms of investment credits and related financial and technological coverage can help to generate higher revenue (as found from case studies from different countries in Chapter 2).

However, vertical integration through corporate contracts might have certain disadvantages for farmers – economic, social or psychological (again, see Chapter 2 for details). Also, it cannot be an inclusive solution for overcoming the intrinsic infrastructural inefficiencies of financial and marketing systems that have hindered the socio-economic progress of the agrarian population. Vertical integration might be an instant remedy for existing problems; but this too will be confined to the specific section of farmers who are considered suitable for corporate contracts in terms of landholdings, transaction costs, and technical advancement.

My analysis of the current state of play in the study area, therefore, raises the question of how a developing economy should interact with the agents of free-market capitalism and avoid the danger of proleterianisation and dispossession. Rather, my field research evokes the necessity of corporate intervention to overcome fundamental infrastructural difficulties, especially given that the existing aratdar-controlled structural set-ups reproduce a capitalistic system though at a smaller scale.

In the following chapter, therefore, I will evaluate the relevance of this potential 'solution' in the developing agrarian economy of WB (which is dominated by small and marginal farmers), analysing the present situation and experiences of the potato growers in Rukminipur engaged with PepsiCo India. This context will help to provide an understanding of the core argument that neoliberal remedies of 'development' in a developing economy eventually create a group of proletariats at the cost of small-scale entrepreneurship.

Chapter 6: Impacts of Corporatised Farming on Small and Marginal Farmers in West Bengal

6.1 Introduction

This chapter explores the impacts of corporatisation in the agricultural sector of West Bengal (WB). It argues that low-cost and small-scale segments of developing economies are affected in diverse ways by large-scale capitalist expansion and that this eventually results in proletarianisation and dispossession though sometimes with the provision of greater economic security.

In the preceding chapter, a detailed account was given of the difficulties that farmers experience in obtaining credit and marketing their agricultural products in the study area Rukminipur. It asked the question whether any corporate firm could solve the problems experienced by local farmers. Therefore, this chapter investigates the effects of the involvement of the Indian wing of the giant multi-national PepsiCo in Rukminipur, a village in the district of Bardhaman where most of the farmers are small and vulnerable. This chapter finds that the exposure to Pepsi-Co has helped the farmers to access production inputs along with an assurance of fixed income (irrespective of market risks). However, in turn, it has led to the creation of a process of proletarianisation of farmers who perceive their corporate engagement as a means of better future with higher social and economic status.

In the paragraphs that follow I lay out the framework of the chapter before entering into a more detailed analysis of the empirical findings. Section 6.2 introduces the Indian wing of globally recognised brand-name PepsiCo and their operational networks and strategies in India as well as in WB. Section 6.3 analyses the effects of corporatised farming strategies on small and marginal agricultural set-ups. These issues are developed in each of the sub-sections. Sub-section 6.3.1 suggests that there is a general avoidance of marginal farmers by PepsiCo mainly because of the disadvantageous size of landholdings and higher transaction costs. This exacerbates the possibility of wider socio-economic difference between contracted and non-contracted farmers. Sub-section 6.3.2 explores the notion that the existing agricultural set-up is the consequence of a considerable gap in knowledge and information transfer leading to unscientific farming. I find that PepsiCo India has brought a positive change at least to its contracted farmers with its scientific farming methodologies and continuous training and supervisory activities. Sub-section 6.3.3 is about the financial significance of being contracted to PepsiCo. It discusses the buyback mechanism with which PepsiCo has guaranteed a certain amount of income thereby protecting farmers from market movements and also helping them to lessen the burden of outstanding loans. However, this indicates an increasing dependence on the part of the farmers on corporate contracts. In sub-section 6.3.4, I argue that such dependence has aggravated the risk of corporate dominance as the economically weak farmers are eager to continue with their submissive status even at the cost of losing control over their livelihood and their land. This anticipates a riskier future through dispossession of the original producers.

Section 6.4 sums up the analytical outcomes of the previous sections. It concludes by arguing that the impacts of neoliberal exposure on small-scale livelihoods ends up leading to proletarianisation and dispossession of the existing workforce, a conclusion that is reinforced by the evidence presented in the other empirical chapters.

6.2 Corporatised farming by PepsiCo India: A contextual overview

Before going into an in-depth analysis of the research findings this section provides a contextual overview of PepsiCo India's activities in WB. PepsiCo India is the Indian branch of PepsiCo, which is one of the "most iconic" and globally recognised consumer brands in the food and beverage sector operating in more than 200 countries with 22 brands (under the main labels of Pepsi-Cola, Gatorade, Frito-Lays, Tropicana and Quaker) (PepsiCo, 2017a). PepsiCo claims that it "has been consistently investing in India, in the areas of product innovation, increasing manufacturing capacity, ramping up market infrastructure, strengthening the supply chain and expanding company's agriculture programme" (PepsiCo, 2017b). Over the last 25 years PepsiCo India has grown to become one of the largest multinational food and beverage companies with a "diverse portfolio" offering "a diverse range of fun and healthier products" to consumers, operating through 37 beverage-plants and 3 food plants in the country (PepsiCo, 2017b).

The company has developed a vertically integrated supply network across the country to procure the required agro-products from farmers, "combining deep insights into Indian farming with [PepsiCo's] global technological expertise to transform the lives of farmers" (PepsiCo India, 2017c). The company declares itself to be "an agriculture company" as far as procurement of agricultural crops for their popular foodstuffs is concerned. Rice and potato are the two most recognised crops procured by PepsiCo with an assurance of 'buy-back' with 360-degree support offered to growers (PepsiCo, 2017b). Farming is a huge project for PepsiCo, implemented across nine regional states (WB, Maharashtra, Punjab, Gujarat, Uttar Pradesh, Karnataka, Bihar, Haryana and Chhattisgarh) incorporating over 24,000 so-called "happy farmers", more than 45% of whom are 'small' or ‘marginal’ landholders (PepsiCo, 2017b). This chapter critically challenges these corporate statements from specific standpoints. How far have the lives of the farmers been “transformed” and what kind of transformation is exactly going on? Specifically, I need to find out if the financial and infrastructural difficulties recounted in Chapter 5 have been addressed by PepsiCo in the study area.

PepsiCo operates in WB along with several competitors in food processing. There are a number of corporatised manufacturing companies involved in potato processing and related food products in the state. The leading companies are PepsiCo’s Frito Lays India, Gee Pee Food Products and Pailan Food Products. However, Lays is number one and also the only multinational among these potato snack producers. It is claimed to be the “world’s largest and favourite snack food brand” occupying “an indispensable part of India’s snacking culture since its launch in 1995” (PepsiCo India, 2017d). PepsiCo’s Frito Lays is the dominant player in WB as well, specialising in processed potato foodstuffs with a 45% market share of the 19 billion INR worth of ‘branded (organised) snacks market’ in the state. PepsiCo works with the local farmers to procure their “processable varieties of potatoes” (FPIS, WB, 2013:3).

The company claims to provide Indian farmers with a “scientifically designed package of practices” that includes “the knowledge of the correct geometry and chemical kit required for optimal harvesting”, together with “better quality seeds and ensured timely irrigation by maintaining day to day follow ups on all relevant agricultural practices” (PepsiCo India, 2010). This indicates an opportunity for local farmers to adopt sophisticated farming techniques to upgrade their productive efficiencies. In fact the company asserts that it creates a “cost-effective” and self-contained agricultural supply chain on a local basis with a wider perspective of “helping farmers” to increase their yield and economic returns (PepsiCo India, 2017f).

My research investigates how far PepsiCo India has been effective in addressing the deep-rooted problems related to credit and marketing (discussed in detail in Chapter5).

Table 6.1: **Landholding patterns of the contracted farmers**

Land ownership			Farmers under contract with PepsiCo India**				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Category	**Category wise ideal size of holding (in hectares) in India***	**% to total number of respondents**	**% of contracted farmers to the total number of respondents**	**Total respondents in each category contracted with PepsiCo**	**% of contracted farmers to the total number of respondents in their respective categories**	**Respondents (pseudonyms)**	**Holding size (in hectares)**
Large	>10.00	2.8	2.9	1	100	Dinesh Ghosh	11.33
Medium	4.01–10	5.6	5.7	2	100	Shahid Ghosh	8.00
						Jayanta Mukherjee	4.05
Semi-medium	2.01–4.00	8.3	5.7	2	66.7	Kirti Roy	2.42
						Tarak Ghosh	3.24
Small	1.01–2.00	38.9	17.1	6	42.9	Asit Guin	1.94
						Dhiren Dhar	1.13
						Barun Ghosh	1.30
						Sukhendu Ghosh	1.21
						Nabendu Ghosh	1.78
						Sitanath Ghosh	1.62
Marginal	0.01–1.00	36.1	0	0	0	-	-
Sharecropper	Leased in land	8.3	0	0	0	-	-
Total	-	100	30.5	11		-	-

*Source: NSSO data (59th Round Survey): cited in Reddy and Mishra, 2008
**Source: Fieldwork, 2014-15

In Rukminipur, PepsiCo India is the only corporate firm at the time of writing to practise contract farming by incorporating some of the local potato growers into their vertically integrated supply chain for procuring potatoes for potato snacks (under the Frito Lays brand). The farmers in the study area produce 'Atlanta' potatoes, popularly known as 'Pepsi potatoes' among local people as this variety of potato is specifically produced from seeds provided by PepsiCo. My field research showed that specified seeds are supplied by PepsiCo, and the PepsiCo representatives offer training on using farm inputs and provide guidelines on production practices. About 30.5% of the farmers involved in this research were found to grow potatoes for PepsiCo. The recruitment pattern of the farmers (according to their holding sizes) has been presented in Table 6.1.

My research indicates that PepsiCo's recruitment pattern is biased towards larger landholders (refer to column (6) of table 6.1) while the marginal holders or the sharecroppers are completely absent in PepsiCo's integrated supply chain. The incorporation strategies will be discussed in detail later in this chapter to analyse PepsiCo's contribution in "transforming" the lives of farmers.

This sub-section familiarises us with the diverse portfolio of PepsiCo India and also contextualises its activities in WB. Here I find that the results of field research contradict the company's incorporation policies in Indian farming (as claimed by PepsiCo themselves), which claims it accommodates small and marginal farmers. By using the perceptions of farmers who took part in my investigation, my research analyses the potential of PepsiCo India's operational policies to fit into the existing system in the study area through addressing deeply rooted infrastructural problems (identified in Chapter 5). The following sections, therefore, look to explore the extent of impact of neoliberal capitalism on traditional small-scale agricultural livelihoods by assessing the level of receptivity and acclimatisation of indigenous farmers.

6.3 The most debated issues around corporatised farming

On the basis of my empirical findings, this section looks at the major issues that have been prominent in Rukminipur as a result of introduction of PepsiCo India's approach to business. It explores the ability of neoliberal investments to overcome recurrent financial crises brought on by the credit problems analysed in Chapter 5. It therefore examines the impact of PepsiCo's activities, production techniques, knowledge transfer and ethical issues.

Here, I analyse the most pertinent issues involved in neoliberal farming to examine the impacts on the farmers in Rukminipur to gauge whether PepsiCo India has brought with it any constructive changes that improve the livelihood of small-scale farmers. The issues considered in this context are:

1. Farm size and mechanisation
2. Knowledge and information transfer along with relevant training
3. Financial significance
4. Partnership and apprehensions.

6.3.1 Farm size and mechanisation

This sub-section investigates the practicability of the argument rehearsed in Chapter 3 that unfavourable economies of scale due to the small size of landholdings usually deter corporate investors from approaching small and marginal farmers. Here I will discuss that despite the lack of 'operational holding'[8], a corporate giant like PepsiCo India has approached Rukminipur to utilise the properties of a physical environment deemed favourable for potato cultivation. However, I suggest here that the practical difficulties of cost-effective farm mechanisation due to the small size of land plots have kept marginal farmers away from involvement with corporate investors, leading to further discrimination among farmers in line with the findings of Glover and Kusterer (1990). Later in this sub-section, I argue that association with a corporate firm can lead to the provision of production credits for resource-poor farmers, making it easier for them to use machinery and high quality farm inputs. Conversely, it might equally be argued that the higher costs of training and supervision of the small farmers can exclude them from being involved in corporate contracts. This argument will be continued in the following sub-section (6.3.2).

My field research indicates that PepsiCo, the only corporate firm in the study area, has established contractual relations with only some of the farmers (30.5% of the total respondents). According to my estimates, 75% of the farmers in Rukminipur belong to either of two categories: 'small' (endowed with 1.01–2.00 hectares of land) or 'marginal' (endowed with 0.01–1.00 hectare of land) category.[9] Of the total participants in my research 39% were small farmers while 36% were marginal. The lack of suitable size of 'operational holdings' of a decent size seems to be one of the basic problems the study area is suffering from. Operational holdings are, "all land which is used wholly or partly for agricultural production and is operated as one technical unit by one person alone or with others without regard to title, legal form, size or location" (Agriculture Census Division; n.d). In agriculture, a 'technical unit' is defined as a land unit "with more or less independent technical resources covering items like land, agricultural equipment and machinery, draught animals, etc." (NSS 59th Round, 2003).

In WB, the problems related to size of holding relates back to redistribution policies of the Communist government in the 1970s that were implemented to generate socio-economic equity (discussed earlier in detail in Chapter 4). Intense discussions with local farmers made it clear that the dearth of ideal 'operational holdings' had become a major constraint to land productivity.

Dinesh Ghosh, the only large farmer in Rukminipur who is also contracted by PepsiCo, blames the land redistribution policies of the left front government for the current insufficiency in crop intensity as the proper implementation of technological knowhow appears to have caused a "setback" in small/marginal holdings:

[8] Operational holding is taken as statistical unit for data collection in Agriculture Census in India. It has been defined in the following paragraph

[9] These categories are based on National Sample Survey (NSS) data, cited in Reddy and Mishra (2008:43). The definitions are also provided in Chapter 3: section 3.3)

> "The land redistribution has created a number of land-owners with tiny plots of land; but how many of them do have money to access advanced technology? Even if the small farmers hire some equipment where would they employ it? The plots are so small and fragmented that tractors, sowing machines, etc. cannot be operated properly in a cost-effective way. Less agricultural productivity would ultimately make the state suffer and we farmers are experiencing the results first hand." (November, 2014)

This suggests that a corporate firm would generate high transaction costs. PepsiCo India has proceeded to utilise the production potential of local farmers despite the dominance of small and marginal holdings. However, field research suggests that the actual rate of participation in PepsiCo's supply chain in Rukminipur is lowest among small farmers with 42.9% of all small farmers in Rukminipur contracted to PepsiCo. There was only one large farmer in the entire study area and he was also engaged by PepsiCo. Medium farmers show a 100% involvement ratio and for the semi-medium ones, the figure is 66.7% (see Table 6.1). The large, medium and semi-medium farmers altogether comprise only 16.7% of the total farmers in the village but 83% of farmers from these categories are contracted by PepsiCo. This reflects a common trait; PepsiCo engages more effectively with the larger farmers. The avoidance of incorporation of small farmers indicates a probability of imbalanced social and economic growth as the number of large or medium farmers is extremely low in rural WB.

The observations during field research might appear to sustain the argument of Berdegue et al. (2005) that the decisions of the contracting firms go in favour of the small farmers only when small growers are in majority. However, in the study area, a thorough scrutiny of farm size of the enrolled farmers shows that 50% of the contracted small farmers possess a landholding of more than 1.5 hectares (see column 8 of Table 6.1). This raises the question of whether farm size is of importance as far as the company's recruitment policy is concerned. Additionally, the presence of the marginal farmers in Rukminipur is quite high (they comprise 36% of the total respondents); but none of the respondent marginal farmers has been incorporated into PepsiCo's localised supply chain so far. Therefore, the findings at the study area certainly contradict PepsiCo's corporate statement to engage the small and marginal farmers with a broader perspective to "transform" their socio-economic lives. Moreover, this recruitment pattern indicates a probability of social tension as a consequence of rising socio-economic disparities among different categories of farmers (as suggested by Glover and Kusterer, 1990).

Small size of holding is definitely an unavoidable constraint and leads to lower participation rates for small farmers as it goes against the convenient implementation of farm mechanisation and also against economies of scale, which is a significant factor any profit-making firm would consider. This encourages unification of plots of unfavourable size to achieve economies of scale through optimal utilisation of resources (McMichael, 2012). My interviews with farmers do not suggest that PepsiCo has taken steps to encourage farmers to expand their holdings. However, forced unification of individual pieces of land might make the farmers demand state intervention making the situation more complicated (Ghosh and Thorat, 2003).

The small size of land plots has become a constraint for the cost-effective farm mechanisation for the non-contracted farmers also. It has aggravated the problem of low productivity and financial crisis. Most of them opt for mechanisation taking loans from informal lenders. My field research suggests that the land redistribution policies of the then Left-front government might have upgraded the status from some landless labourers to landowners but these owner farmers could hardly achieve anything beyond that. The responses came from different viewpoints from different categories of farmers. Balaram Mondal, a non-contracted marginal farmer with nominal land possession of 0.32 hectares, was such an owner farmer whose family received lands in the late 1970s during 'operation barga', the name under which land reform was implemented in the 1970s (see Chapter 3). However, he seemed to be worried about low productivity and the lack of effectiveness of mechanisation:

> "My current status of being an owner farmer does not make any difference to my financial status. Around 0.10 hectares of land were received by my grandfather from the then government. Later my father and I could extend that to 0.32 hectares in the last 40 years. I am only anxious about a good harvest of crops that can help me sell some surplus after repaying the aratdar's loan. But again, a good harvest comes with a continual indebtedness for inputs and mechanisation." (December, 2014)

Balaram's perspective is related to a perennial anxiety about funding sources. When he was asked about his perceptions of working with PepsiCo to increase land productivity, he said:

> "I try everything … be it pesticide or tilling with tractor. I do not have any idea about the ideal productivity that I should have…. One thing that I realise seeing my colleagues is that being in touch with a big company like PepsiCo can help you improve your production… because the company has its own interest in your progress… Moreover, access to high

> quality inputs gets easier without any financial hassles [as a PepsiCo farmer] …but my farm size might be too small to attract them". (December, 2014)

Marginal farmers like Balaram might not be aware of the practical corporate strategies related to economies of scale or transaction costs; but his narrative is very much indicative of the frustration of not being involved in the corporate supply chain just because of his marginal status despite being a landowner. Prakash Guin was another independent marginal farmer with a BSc degree who had a good understanding of the practical difficulties of fragmented landholdings. He shared his opinion on the same issue:

> "My family lost about 1.5 hecatres of land property during 'Operation Barga'. My father's 4 hectares of land has now got partitioned among my four siblings and I became a 'marginal' farmer. I try to spend money for the best inputs or technologies since I also run a small manufacturing unit of thermocol glasses. However, the limited boundary of my land has restricted the trouble-free use of tractors or sowing machines…. I do not think even PepsiCo can solve this problem unless they try to merge the neighbouring lands… but that could raise a number of complicated issues with my neighbours though." (December, 2014)

Prakash Guin, with an additional source of income, is capable of bearing the hiring costs of machines etc. and also is not that interested in working with PepsiCo as his supplementary income source is enough to provide investment capital and repay loans. Moreover, he is not optimistic about the success of mechanisation on his small plot of land even if contracted with PepsiCo.

Empirical investigation suggests that most of the marginal or small farmers like Balaram Mondal become more and more indebted for accessing production equipment. Apparently a corporate contract can potentially solve this problem to a certain extent by providing the investment credit for the proper implementation of technologies (as discussed Chapter 2 through review of relevant literature). Currently most of the financially weak farmers hire sowing machines, tractors, etc. from their larger counterparts who own the machines. The hiring costs come from investment loans provided by aratdars. Dinesh Ghosh, the only large farmer in Rukminipur, informed me that:

> "Small/marginal farmers are dependent on farmers like me as far as farming equipment is concerned – from irrigation pumps to tractors. They are hiring these things. And as a result, almost everyone is weighed under with loans." (December, 2014)

My respondents indicated a high dependency of small and marginal farmers even for crucial farm inputs like water as they are unable to arrange irrigation for themselves. At this point, association with a corporate firm might lessen their dependency on the larger farmers as well as potentially protecting them from the clasp of loan sharks.

This sub-section has explored the lack of ‘operational holdings’ of small and marginal farmers, who are therefore shunned by PepsiCo India despite their own claims (PepsiCo, 2017b). Marginal farmers are trapped in a debt cycle as a result of accessing advanced machinery and farm inputs in the search for higher production. It evokes the question of whether neoliberal approaches have the potential to solve the problems of small-scale farmers through the use of “global technological expertise”. However, the transaction costs for supervision/training and information/knowledge transfer are quite high for small farmers as most of them are unexperienced in using advanced technologies and scientific farming methods. Nevertheless, such costs cannot be avoided if better production is to be attained through proper utilisation of resources (Ratnadiwakara et al, 2008). The following section, therefore, discusses the level of technological adaptability and knowledge acceptance procedures of the farmers (both contracted and non-contracted) and PepsiCo’s role in making knowledge and information easily accessible to them.

6.3.2 Knowledge and information transfer along with relevant training

In this sub-section, I argue using results from my field research that there is a general lack of experience among local farmers (specifically small and marginal farmers) about the effective implementation of upgraded farm inputs and mechanisation. Here I find that despite the initiatives of the Department of Agriculture and Cooperation (as found in its 2005 report), the Kisan Call Centre projects for knowledge transfer remained quite ineffective because of widespread unawareness in rural areas of their existence. My interviews in the field suggest that there has been a significant lack of systematic training/knowledge transfer and other measures stemming from government initiatives; however, the large and medium farmers were found to be more responsive to such government initiatives. The general gap in execution of government induced training/services created a dependency on a corporate firm like PepsiCo for its methodical delivery of knowledge/information and provision of relevant training.

A survey of government initiatives on agricultural training and knowledge dissemination suggests that there are numerous aids and strategies for helping farmers to achieve higher and longer productivity of their fields. For example, state governments and government-run organisations such as the Indian Council of Agricultural Research (ICAR) and the State Farm Corporation of India (SFIC) are provided with 100% grant-in-aid to execute on-site demonstrations of advanced agricultural and horticultural equipment. There are provisions (under 'Integrated Nutrient Management' schemes) for maintenance of soil quality to reinforce the soil testing facilities and help farmers with recommendations on sensible use of farm inputs to maintain soil health and fertility. Also, there are initiatives for the timely transfer of knowledge and information to farmers with the help of information and communication technology, e.g., through the introduction of Kisan Call Centres, which provide expert advice for farmers through toll-free telephone calls (Department of Agricultural Cooperation and Farmers Welfare, 2017).

Despite these provisions, my discussions with the farmers suggest that there is a significant gap in the comprehensive implementation of such initiatives in practice. Most farmers, therefore, use farm inputs on speculation. They hugely depend on the local aratdars and company agents for the selection of inputs as they rarely come across government arranged training sessions or can avail themselves of soil nutrition facilities. These agents and aratdars do not transfer appropriate knowledge about application of those inputs. They are mostly interested in endorsing certain products in order to obtain commissions. This eventually posts a threat to the land and the environment as a whole.

Tapas Hansda, a non-contracted marginal farmer surviving on informal credits, shared his experience:

> "The products of the renowned companies are rarely sold here. I use whatever is recommended by the aratdar and employ those fertilisers or pesticides based on an approximation following what I have seen my family do. Where else would I get to know how to use what?" (December, 2014)

More than 70% of the respondents reported they use the farm inputs on an approximate basis without any proper knowledge of the product. This is not only detrimental to the plants and land productivity, but also reflects externalities on the environment and human health (Ramesh et al, 2005). Additionally, the indebted farmers are often compelled to buy the specific products supplied by local aratdars. This suggests that a gap in the execution of systematic knowledge dissemination and training coupled with poor infrastructure of institutionalised financial systems has increased the dependency on aratdars who barely have any expert knowledge on scientific farming methods.

Salil Mahato (a non-contracted marginal farmer) told me about the malpractice of "push selling" by the aratdars:

> "The aratdars are usually more interested in selling the products of specific companies to win prizes and commissions by achieving certain targets. I neither have my own capital nor do I have any other contacts to ask for the required inputs. What else can I do other than take production credits from the aratdars in terms of farm inputs?" (Novermber, 2014)

Financial dependence and a lack of awareness have kept the poor farmers so diffident that they cannot even refuse to accept an aratdar's decision.

Dinesh Ghosh (who is a contracted large farmer) is quite aware of all these issues experienced by most of his colleagues. He also confirmed that:

> "Most of the farmers are dependent on the pesticide and fertiliser dealers or company representatives. An aratdar may also play the role of a representative. The farmers understand whatever the dealers, representatives and aratdars want them to understand." (December, 2014)

The government's provisions for farmers to access or seek clarification on information directly have not been widely effective. According to a statement from the Department of Agriculture and Cooperation in the Ministry of Agriculture (2005, n.d.), the government focuses on "information and the knowledge intensity transfer to the agriculture sector, together with the other traditional inputs and interventions". Kisan Call Centres (i.e. call centres for the farmers) have been introduced to provide a network for the "effective use for delivering knowledge and information" to the farmers (Department of Agriculture and Cooperation in the Ministry of Agriculture, 2005). The department also claims to be using print and electronic media to aid farmers in this regard. However, a lower rate of access of this service in the study area suggests that a number of disparities can be a real challenge for information dissemination. For example, an information asymmetry can be found at regional, village or even at the individual level across the nation.

In Rukminipur, the call centre project seems to have been of limited effectiveness. My interviews indicated that a majority of the farmers were heavily dependent on aratdars or company representatives rather than having first-hand knowledge of inputs and technologies. Many of the respondents are more preoccupied by the thought that the information gap is specifically generated because of the negligence of government. They are not even interested in calling the regional Kisan Call Centres.

The field research identified a contrast between the level of adaptability of small and marginal farmers on the one hand and medium and large farmers on the other. While the small and marginal farmers were complaining about governmental negligence or lack of proper training facilities, medium and large farmers were more adept at availing themselves of the training and services. Some small farmers (especially those who came across PepsiCo's methodical farming techniques) confirmed to me that they realised the significance of scientific knowledge and training.

Shahid Ghosh, a medium farmer engaged with PepsiCo said that the facilities offered by the government through the Kisan Call Centre might not be sufficient. Despite the fact that the knowledge transfer facility of the Kisan Call Centre helped him a number of times to safeguard his crops from pest attack, or to get some specific knowledge on some fertiliser, he feels a need for on-field training facilities more intensively to "get the first-hand knowledge with practical demonstration of certain technical processes." As an experienced farmer, he realises that this gap has been filled to some extent by PepsiCo for their potato cultivation. Still, training and knowledge transfer are essential for other crops and therefore relying on government is inevitable. As Shahid Ghosh explained:

> "Proper training can improve production and also can help to maintain soil quality. For example, purchasing the pesticides does not mean your potatoes will be saved from blight. You must have thorough knowledge about how to apply it. Conducting one or two training programmes in a year at the level of the block might not be enough. PepsiCo representatives do these things for us. Though it is specific training for their prescribed Atlanta seeds, still it makes me learn a lot." (December, 2014)

He also pointed to the government 'negligence' in improving soil quality (which is usually performed under nutrient management schemes implemented by the state government):

> "There has been no soil testing initiative by the Agriculture Department to check if there is some deficit or imbalance in minerals; however, we regularly get TV and radio campaigns. I apply chemical fertilisers or HYV[10] seeds without proper knowledge of how to apply them on my soil… Instead, PepsiCo provides all these facilities. Though they do this for their own interest, still it will help in the longer-term sustenance of my land." (December, 2014)

My field research suggests that PepsiCo has managed to earn the confidence and reliance of its contracted farmers as far as the production of Atlanta potato is concerned. Still the general gap in knowledge and information about scientific utilisation of farm inputs cannot be overlooked.

[10] High yielding variety

For example, Nabendu Ghosh is a small farmer practising contract farming with PepsiCo. He is "satisfied" as far as PepsiCo's methodologies are concerned:

> "I do not have to think much about which input is to apply and how; because PepsiCo makes me cultivate following certain prescribed methodologies. For example, they train us how to use pesticide, which time of the day is the most appropriate to spray the pesticide, etc. This helps us protect the potatoes from blight and lessens the risks of crop failure." (December, 2014)

Nonetheless the same person is "not satisfied" with the techniques he follows for paddy cultivation as he realises he has a lack of knowledge of scientific procedures to increase crop intensity and quality. This implies a growing acceptance of corporatised farming even among the small farmers especially when the lack of government effort is acutely felt.

Dinesh Ghosh (the only large farmer in the entire study area), in spite of being confident and well-informed about government services that he could access emphasised the "advantageous" gains of PepsiCo contracts in terms of knowledge transfer and training:

> "The actual crop intensity and productivity will rise in a scientific way only if the government representatives come door to door. I have a college education and I can use facilities like Kisan Call Centres; but some of my colleagues do not even know what a call centre is and how far it can be helpful for their livelihood…. My experience says contracting with a company like PepsiCo can solve this problem to a certain extent." (December, 2014)

In addition to this, Dinesh Ghosh attends agricultural seminars and training sessions regularly on his personal initiative. He notes that he also listens to the company representatives and agents (sometimes aratdars, too) concerning their products and then takes advice from the call centre helplines. He has also registered himself with the helpline service of Bidhan Chandra Agricultural University, WB, from where he gets expert advice either through phone calls or through SMS alerts. He offers a solution to the problem related to the inattention of the WB Agriculture Department on soil testing also. He admits that soil testing is "withheld for years" in Rukminipur; but he has found his own way to handle the situation:

> "If the land is mine I must pay maximum effort to maintain its fertility. It is not very difficult to carry a soil sample to the relevant office to update myself so that necessary measures can be taken. It might be time consuming but the result will be effective and beneficial for my own land." (December, 2014)

However, carrying soil samples to the Agricultural Department's local offices is not only a time consuming matter, but also involves transportation costs. The small farmers who work on their own land just to save the cost of hired labour may not be able to afford a single day off given the costs of money, labour and time. Neither is all of them contracted with PepsiCo to keep themselves up-to-date. Additionally, educational background is another influencing factor to raise awareness on individual initiatives. Dinesh Ghosh, a farmer with a BA degree, keeps himself up-to-date with the helplines of the Bidhan Chandra Agricultural University and also realises the importance of soil testing. But this level of awareness might be difficult among the majority (about 75%) who have no education beyond school?

My research identified some reluctance and inflexible attitudes towards the acceptance of training and knowledge transfer. About 11% of respondents (all of them small and marginal farmers) showed a certain reluctance to go beyond traditional beliefs despite being aware of the communication and training facilities for the farmers. Achin Mondal, a marginal farmer, was not bothered about proper training and as he says that his first-hand experience is his "best teacher":

> "Practical experience teaches everything. A farmer gets adjusted to specific requirements through detailed observations and practice. I think I am doing well without any training." (December, 2014)

While Achin Mondal rejected the importance of training and knowledge transfer, Sitanath Ghosh, a small farmer, questioned the practicability of certain types of training. He was not against knowledge transfer per se but was doubtful about the successful execution of some theoretical knowledge (he was giving his views on a specific training course he attended under the National Project on Organic Farming scheme):

> "It is surely good to attend training sessions, but I am doubtful about their applicability. The outcome may not be fruitful for my land and sometimes their suggestions also lack feasibility. For example, we were told to use organic fertiliser as much as possible. I do not have domestic cattle, neither does my neighbour. Even if I am ready to pay for it, [organic fertiliser] is in practice very difficult to get. And you never know about the packaged organic fertilisers as there is no guarantee of their organic properties. As a result, I continue using the same chemical fertiliser. I really cannot evaluate how far the new information can help me attain sustainability." (December, 2014)

This evokes the necessity of in situ supervision and guidance from experts. Currently, state-provided training facilities do not appear to be helping farmers sufficiently while PepsiCo's supervision along with organised training and provision of customised solutions for greater agricultural sustainability has helped them to gain the trust of local farmers. Therefore, the expectation is that local farmers in Rukminipur will be better organised in future taking advantage of company arrangements.

In this sub-section, I found that lack of training opportunities and in situ demonstrations as part of government initiatives created a general dissatisfaction among the farmers who are eager to preserve land productivity. However, those in a contractual arrangement with PepsiCo found it offers an opportunity to achieve greater sustainability through scientific farming methods. The field research found that corporate contracts can be more effective for those small farmers whose usual practices are likely to jeopardise the long-term nutritional value of the land. However, knowledge transfer and training for a specified crop (Atlanta potato) cannot safeguard the entire production culture of the study area, where the unscientific or disproportionate application of agro-chemicals like fertilisers, pesticides or HYVs etc. is a prevalent practice. The research findings, therefore, suggest that corporate contracts should also be supplemented by government measures to raise general awareness and farming standards.

The following sub-section will explore the extent of the financial effectiveness of PepsiCo contracts among farmers to examine the economic feasibilities and acceptance of further corporate interventions in the future.

6.3.3 Income security

Continuing my assessment of the impact of corporatised farming, in this sub-section I look for its financial significance in the study area. In line with the argument of Key and Runsten (1999), my research also looks into the possibility that capitalist firms can potentially implement credit contracts at lower rates. Their de-risking farming strategies with financial and insurance services can aid debt-laden farmers avoid informal lending sources for production capital. In this sub-section I suggest that PepsiCo earned the confidence of farmers to the extent that they are not only happy with the income certainty promised by its buy-back policy (sidestepping the aratdars and other middlemen) but also that the contracts are perceived as a means to climb up the social ladder with higher income opportunities.

Corporatised farming usually procures market-responsive non-traditional crops that require higher investments creating a higher demand for production credit. Traditional food crops and grains are also vertically integrated through supermarket or agro-firm chains; but the input intensity is lower than that of commercial crops. In fact cash crops often demand stringent production procedures which are usually input-intensive and labour-intensive in nature often exceeding the financial capability of smallholders (Key and Runsten, 1999). In such cases, the contracting firms play the role of lenders by providing the essential production credit. Key and Runsten (1999:383) suggest that the contracting firms have "superior ability to monitor and enforce credit contracts and have lower default costs than do banks" as the farmers are already contracted to sell their products to the firms and the debt can be readily extracted from the 'crop revenue' before payment is made to the farmer. If the essential inputs are supplied by the contractors (instead of through monetary loans), then the tracking of the proper utilisation of the credits will be easier and loan recovery will also be easier. This is what is practised by PepsiCo India. The farmers irrespective of farm size are quite familiar with the system of the provision of production credits in terms of farm inputs as far as private lenders are concerned (see chapter 5 section 5.3).

PepsiCo claims that their contracted potato growers are provided with "superior seeds" along with other inputs and farming implements maintaining a proper timeline, which too are "free of charge" (PepsiCo, 2017f). They also claim to be in partnership with the public-sector State Bank of India (SBI) to "help farmers get credit at a lower rate of interest" (PepsiCo, 2017f). However, most of the farmers are not aware of this collaboration with SBI and the easy accessibility of institutionalised credits, though they acknowledged the provision of essential farm inputs by PepsiCo. This appears to be "advantageous" to the farmers (specifically for those who are heavily dependent on production credits in every productive cycle) as they neither have to bear the transaction costs nor give up time to pursue formal procedures involved in dealings with financial institutions; nor do they have to depend on the usurious aratdari system (discussed in chapter 5). Additionally, the farmers are happy to access investment capital (though in terms of farm inputs) without any collateral requirements (collateral security is one of the reasons they are afraid of approaching formal institutions as discussed in Chapter 5 section 5.3.3). Thus PepsiCo's investment policy is gaining recognition in Rukminipur by virtue of its low implementation and transaction costs that managed to win over other formal or informal credit providers.

Jayanta Mukherjee (a medium farmer engaged with PepsiCo) who usually prefers production credits from institutional sources endorses the investment policies of PepsiCo:

> "This is good practice especially for those who are reluctant to approach the institutionalised credits for lengthy and complicated official procedures. The contract will automatically allow you to access all the farm inputs, and loans will be recovered through fixed prices for the

> product. I have been producing for the last two productive cycles for Pepsi and it seems to be quite a fair deal so far." (Novermber, 2015)

Sukhen Mondal was a small farmer independent of any contract but dependant on the aratdari system. The experiences of his colleagues make him appreciate this arrangement as far as production credit is concerned:

> "I think this system is far better than the existing procedures dominated by the aratdars. In these contracts, at least the farmers will be aware of the price to be received after the harvest and that is with all the adjustments for credit made in a transparent manner." (Novermber, 2014)

The initiatives to de-risk farming by providing financial and insurance services in association with leading financial institutions and insurance companies can be considered to be a farmer-friendly policy (PepsiCo India, 2017f). However, there is always the probability of higher transaction costs for providing credit, and when the profitability of the firm is at stake, its policy can become detrimental to smaller farmers.

The insurance coverage for farm products covers such risks as crop failure or unsatisfactory production due to pest attack or natural hazards expose those farmers to further economic vulenrability. For example, in the study area, potato blight is a very common problem causing frequent losses in crop production. The risk is always higher for potatoes and other commercial crops as the production costs are higher than those for traditional crops like paddy. Additionally, price swings due to immature market infrastructures expose local farmers to further financial vulnerability. As the regional price of a particular perishable crop (like potato) is heavily dependent on the relative success of production in other competing regions, a smooth productive cycle even with good output (both in terms of quantity and quality) may not reflect an economic gain for a farmer, as discussed in chapter 5. Such market imperfections are completely beyond the control of the producers irrespective of the size of their holdings; nor will financial institutions insure the crops against market fluctuations. In contrast, PepsiCo's "assured buy-back mechanism at a prefixed rate with farmers" helps to insulate the farmers from market uncertainties (as claimed by PepsiCo India, 2017f). Local farmers also agreed that contracts insure them against probable market risks with the help of pre-determined rates. PepsiCo's mechanism pursued in the study area exactly matches Key and Runsten's (1999) concept of 'forward contracts' (i.e. an agreement between two parties confirming an obligatory purchase and sale of outputs) as the 'risk premium' for the contracting firms. The tendency of risk aversion prompts farmers to agree to the contracts.

Shahid Ghosh, a medium sized farmer (with 8 hectares of land) prefers to get involved with PepsiCo India because of the ‘boom and bust cycle’ of potato marketing that hampers a farmer’s economic stability. Being experienced for the last 10-12 years in potato growing, he rationalises the ‘advantageous’ aspects of contract farming in terms of an insured economic return: “If I have a contract with some firm, there must be a guaranteed income. You can always have a confirmed calculation of net profit before you sow the seeds” (December, 2014).

In my interviews I challenged their viewpoint by referring to the price hike of 2014 when the independent producers received up to 450INR for each bag (containing 50 kg) of potatoes while PepsiCo’s pre-determined price was around 350INR/bag. Most of the farmers irrespective of their contractual status were assertive in their support of the income certainties provided by the contracting firms. For example, Jayanta Mukherjee, a medium sized producer with 4.05 hectares of land, insisted:

> “Even if I do not gain an advantageous profit in a particular year I will not die. But fixed contract-terms can safeguard my two square meals a day during that time when the independent farmers around perhaps are incurring a loss.” (November, 2015)

The advantage of a “guaranteed income” was very much realised in 2015. The poor market for potatoes, coupled with excessive production, has increased the income instability of the potato growers as I showed in chapter 5. The farm-gate price of potatoes (the price a farmer receives) fell to 120INR per 50 kg bag of potatoes while the average production rate rose to 100 bags per bigha (1 bigha = 0.16 hectares). Thus the average earning per bigha has come down to 12000INR for the independent farmers. However, the production costs of potatoes have remained the same as in other years, 22000 to 24000INR per bigha. Therefore, the independent farmers in Rukminipur experienced a loss of 10000 to 12000INR per bigha. Conversely, the contracted potato-growers received 400INR per bag, giving an average income of 36000INR per bigha (considering the productivity of Atlanta potatoes as 90 bags per bigha in 2015). This suggests the profit of contracted potato growers to be as high as 12000 to 14000INR per bigha.

Shahid Ghosh (the medium farmer practising contract farming) remarked that the fixed rate of Atlanta potatoes has secured their income:

> "While potato farmers are getting more indebted due to the chaotic market fluctuation across the state, we the 'Pepsi-farmers' are receiving a good price along with an advantageous profitable return." (May, 2015)

Moreover, farmers are also happy with the timely payment from the contractor. Asit Guin informed me that, "Pepsi is very particular about payment and also pays on time. We usually receive the pre-determined amount (either in cash or by cheque) within 5 days of selling." (November, 2014)

This has meant that the corporate contract is perceived as not only a source of a better and more secure livelihood but also as a windfall that has potential to improve their general situation. Asit Guin asserted that his involvement with PepsiCo was a way to materialise his "dream of a better life". He thinks that this involvement will not merely save him from the debt traps of informal creditors but also will uplift his social status:

> "I want my son to get a proper education and do some white collar job. I just work hard to feed my family and cannot really do anything more than that. Can I make my son an engineer without adequate money? I agreed to work with PepsiCo just to receive an assured income which is impossible to earn from the aratdar-dominated supply network. Moreover, an assurance of income also keeps your family in peace." (January, 2014)

This reflects the acceptance of corporate contracts from a wider perspective in a village like Rukminipur where the contracting firm is helping solve the prevalent problem of financial instability. Asit Guin's "dream of a better life" centres on his son's white collar job. It suggests that he is not happy with his small-scale entrepreneurial status as it involves a daily struggle for a living with little social recognition. This raises the question of whether farmers are really "happy" with financial outcomes only as the flexibility of working independently has to be compromised with contractual terms and conditions.

In this sub-section, I found that the provision of a steady income has helped farmers earn a kind of psychological tranquillity. It remains difficult, however, to estimate the long term financial and social implications of such contractual agreements. Farmers whom I interviewed indicated that they are content as long as their expectations of financial outcomes are satisfied because they can leave aside the hurdles presented by intermediation and market upheavals. The contracts are, therefore, perceived as a potential solution to usurious informal loans. This potentially indicates a submissive acceptance of neoliberal approaches (through farming contracts) in the study area which can pose a threat to the social continuity of independent farmers causing a wide-scale proletarianisation. In the following section, I will explore the question of whether the intervention of the giant corporate firm PepsiCo India in Rukminipur has affected the social security of local farmers.

6.3.4 “Partnership” and apprehension

On the basis of my research findings, I argue in this sub-section that exposure to corporate capitalism has widened the extent of social vulnerability of the local farmers. With the help of in-depth interviews of farmers, I critically analyse PepsiCo India’s corporate responsibility in living up to their claim to be “friend and development partner” of the farmers (PepsiCo India, 2017f). Here I will argue that the meaning of “partnership” is unclear to the farmers. The experience with the firm created a realisation that a contract means nothing more than a buyer-seller relationship which is essentially controlled by the corporation. Certain stringent specifications in the contracts have led to ethical malpractices even among farmers. At the end, it suggests that assurance of a secure income has aggravated proletarianisation to such an extent that even the fear of dispossession cannot make financially distressed farmers terminate their contracts.

PepsiCo India claims to work with its contracted farmers as a “friend and development partner” with a broader perspective of helping them to “grow more and earn more” (PepsiCo India, 2017f). Such a “partnership” framework apparently sounds quite promising if the potential of higher revenue to the farming sector is considered. Additionally, it also denotes a favourable future for the farmers in terms of their socio-economic status. The term “partnership” presumes a reciprocal feeling of fairness. Here I will analyse how far this reciprocity of “partnership” is working in Rukminipur. For all my respondents, their contract with PepsiCo implies nothing more than a pre-agreed arrangement between the company and the farmer by which the farmer is bound to deliver the specific output (under contract) of a specified quantity and quality to the company at a specified time in exchange for a fixed price offered by the committed buyer (i.e. PepsiCo).

Asish Das, a small farmer with 2 hectares of land, has been contracted with PepsiCo for the last two years (as said in December, 2014). He considers the relationship to be highly “professional” involving a “simple give and take mechanism”. When he was asked about any special attachment or realisation of “partnership” with the corporate body, he stated clearly:

> “I do not know what kind of partnership you are talking about. What I can only understand is that I am under contract with PepsiCo and am legally responsible to conform to their prescribed pathways as far as the production of ‘Pepsi-potatoes’ is concerned. They are also

in agreement to provide the production inputs at the start and my remuneration at the end of the production cycle. To me, the contract is as simple as that.” (December, 2014)

A similar response came from Dinesh Ghosh, the only large farmer in Rukminipur. He also considers such contracts to be a “formal buyer-seller relationship that demands a commitment from both sides”. He added:

> “I think both of us have equal interests and expectations out of such an association. For example, I personally prefer to be contracted with PepsiCo for a steady pay along with the hassle free marketing of my products; while PepsiCo needs me to satisfy their essential demand for potatoes. If this association is a ‘partnership’, then we are partners. However, I doubt if anyone of the ‘partners’ would be ready to help the other if the contract terms are violated. Does Pepsi ever show interest in low quality products just because a farmer has produced them with a lot of hard work? Similarly, I would always expect a timely payment at the fixed rate.” (December, 2014)

His awareness of a “partnership” (in the contractual relationship) does not accord with PepsiCo’s assertion. Dinesh put it this way:

> “If I am a ‘partner’, I should enjoy the share of profit that PepsiCo earns out of the processed food made from the potatoes grown on my field. But I have the right to claim the price only, that too at a pre-secured rate.” (December, 2014)

The perception among the local farmers interviewed (irrespective of their farm size) about contracted relationships is that they are nothing beyond a professional association between a corporate company and themselves involving some specific terms and conditions. It is useful to discuss the extent to which this “partnership” implies a bilateral agreement as far as interactional justice is concerned – that is, the treatment (in terms of sensitivity and dignity) received by an employee and her/his right to demand an explanation of organisational decisions (Bies and Moag, 1986).

This research explored the farmers’ perceptions of interactional justice in terms of their awareness of the quality of treatment a hired farmer should experience from the contracting company when strategies and procedures are executed (following the concept of Bies and Moag, 1986). The farmers seemed to be quite uninformed about the fact that they could even have some opportunity or right to practise interactive dealings. To the contracted farmers in Rukminipur, the contractual agreement is nothing more than a set of instructions and conditions determined by PepsiCo. As far as their 'rights' are concerned, they see these as amounting to no more than an entitlement to claim their payment and nothing beyond that. The presence of a corporate firm means that proletarianisation is now deeply imbedded in the local economy having taken advantage of the existing infrastructural failures.

Asit Guin (who is a small farmer with 1.94 hectares of land) seemed to be quite surprised to hear my question on interactional justice:

> "I never thought of raising my voice against PepsiCo. I just follow their prescribed guidelines and handover the harvested output. I do not even understand what extra will I get by practicing 'interactional justice'? What should I demand more than the expected remuneration? Honestly speaking, I am hearing this for first time." (January, 2015)

The same reaction came from a semi-medium farmer Kirti Roy, whose perception of 'interactional justice' is only related to his monetary benefits and again centres round the acceptance and rejection criteria of the contracting firm. He expresses his understanding in a simple straightforward manner:

> "Is there really any space for the farmers to say anything? If the company decides to reject my products, they will; because the contract has specified these strict criteria. Now if I want to go against the agreement, my contract might be terminated." (December, 2015)

Such statements reflect the fact that the farmers are much more conscious about the tight specification criteria and the scheduled activities to be pursued rather than having any expectation of equal treatment from PepsiCo. The question is whether the product specification criteria and recommended guidelines have kept them so 'submissive' that the farmers have never dared to think beyond them?

In the study area, contracts are, as I have seen, considered as a 'rational' way to get rid of the anxieties of market swings and related economic losses. The contract set them free from the "additional obligations" of the marketing of potatoes to the providers of production credits along with relief from the troublesome process (both in terms of money and energy) of storing a perishable crop like potato according to the process discussed in detail in chapter 5, section 5.4.3. Therefore, following the concept first advanced by James Scott (1976), the research findings indicate that 'justice' in a capitalist environment is simultaneously 'central' and 'marginal'. The desperate dependence of farmers on PepsiCo for financial security, proves its centrality (essentiality) in a traditional farming community. At the same time, 'justice' is marginalised as the capitalist dominance is hardly ever challenged by the farmers for fear of contract termination.

Therefore, in the study area, the submissiveness of the contracted farmers was very prominent in the relations of production. I felt a general trend of over-consciousness about the product specification standards and resultant anxiety of instances of product rejection. The narratives of the farmers proclaim their recurrent worries about PepsiCo's crop refusals along with a constant fear that their contracts will be terminated. Contracted small farmer Asit Guin expressed his apprehension:

> "I am afraid of the high rejection rate of PepsiCo. Even after following their prescribed methodologies, all the products do not always match the specification criteria. PepsiCo is very paranoid about the size of potatoes which should be almost like a cricket ball. If the size does not match even a bit, they will refuse to accept it." (January, 2015)

The assurance of the "buy-back" mechanism (PepsiCo India, 2017f) is very much criteria-specific, keeping the farmers under constant pressure to meet the company's expectation levels. The stress is also felt by the medium and large farmers. Dinesh Ghosh, the contracted large farmer, was also bothered by PepsiCo's crop rejection policies:

> "As they are providing the required inputs, it is quite normal that they will be very selective when picking their products. On the other hand, I have to accept their decisions as I have agreed with their terms and conditions. Sometimes it really gets tough to satisfy them even with maximum effort." (December, 2014)

Surprisingly, the fear among contracted farmers of having their crops rejected has trickled down to those who are yet to experience contract farming. Some of these farmers were unenthusiastic about signing corporate contracts, telling me they preferred to avoid such psychological and economic pressures. Sukhen Mondal, a small farmer expressed reluctance to be contracted to PepsiCo after observing the experiences of other colleagues:

> "Pepsi demands potatoes of a specific size… say around 180-200 grams. But here we usually do not produce such potatoes. This strict criterion stops me from signing a contract. What would I do with the rejected potatoes?" (December, 2014)

PepsiCo India claims to offer the snacks made from "India's best-quality fresh potatoes" under "the world's largest and favourite snack food brand, [Lay's]" (PepsiCo India, 2017d). Moreover, the company is also ethically responsible to its consumers, who, they claim, have trust in the brand name and also in the "voluntary" declaration that its products are free of MSG (Monosodium Glutamate) and trans-fat (PepsiCo India, 2017e). This is one of the reasons they use to justify their particularity about the quality of the output grown from the seeds provided by them. As the contract agreement includes their specified requisites, the farmers are legally bound to follow them. However, not a single case of contract termination has been reported so far. This supports PepsiCo India's (2017f) declaration that it has attained a "retention ratio of over 90%, which reveals the depth and success" of the 'partnership'.

Despite this, the apprehension of crop rejection has created reluctance among many of the non-contracted farmers to get into an agreement with a corporate firm. This apprehension is magnified by the fact that the alternative market for the contract-specified low-fat potato is extremely small. The high rejection rate of potatoes often leads to certain malpractices as sometimes the farmers get desperate to sell the rejected products. The available literature (e.g. Coe and Hess, 2005; Erappa, 2008; Ariza-Montobbio and Lele, 2010) commonly focuses on the economic setbacks suffered by the contracted farmers due to high rates of product rejection and the resultant socio-economic problems along with psychological distress. My research in Rukminipur supports their findings.

In addition, my research found another face of the story. Some of my interviewees told me that contracted farmers often covertly sell their products (grown from PepsiCo seeds) to intermediaries not only when they are burdened with a rejected quantity of potatoes but also if the market price goes higher than the contracted price. Dinesh Ghosh, the large farmer, shares the story this way:

> "In 2014 the price of potatoes was much higher in the open market than the price offered by PepsiCo. Most [contracted] farmers kept aside a certain quantity of the output to sell in the open market, mixing it with the locally grown Jyoti potatoes. It is not only about being deceitful to PepsiCo, but it is something dishonest towards the consumers too. The potato seeds Pepsi provides are exclusively meant for making chips and these potatoes will be of no use for domestic consumption. Believe me, people cannot do anything with that kind of potato (which are tasteless) at home, neither boiled nor curry….nothing…. This is ultimately a waste." (December, 2014)

Dinesh Ghosh's statement raises a critical question on the future adaptability of the farmers to the new neoliberal environment. Dinesh Ghosh went on to say that, "Such dishonest practices are very common everywhere. This is not as if the farmers in this village are doing it for the first time." He added that the farmers are "not shrewd" enough to perform such fraudulent activities confidently without the help of the PepsiCo agents:

> "I must say there remains an obscure agreement between the farmers and the local PepsiCo agents through whom the company is running the contracts. PepsiCo cannot monitor each farmer's land to make an exact estimation of the ultimate production…. Therefore, the agents also enjoy their share of income derived from these illegitimate dealings." (December, 2014)

So, the responsibility for unethical practices appears also to be shared by the local agents. However, this is undoubtedly leading towards an endangered relationship between the farmers and the corporate firm.

Another unethical practice was disclosed in my interviews as most of the contracted farmers confessed to mixing up the rejected output of Atlanta potatoes (produced from PepsiCo seeds) with the fresh potatoes produced by them independently. Tarak Ghosh (a semi-medium farmer) confessed:

> "Say PepsiCo has rejected 10 bags of potatoes which weigh about 500 kg. Now what will I do with this many rejected products? Sometimes, I mix them up with the Jyoti potatoes and go back to an aratdar to access the market…. I know I am deceiving my customers, but I do not have the capacity to withstand the loss. Pepsi provided the seeds or other inputs. But I had to invest on my own, too. For example, the expense for irrigation is as high as 1000 INR per bigha. If I am borrowing money from some other source to use such essential facilities, I have to repay that, too." (January, 2015)

In Dinesh Ghosh's opinion, such unfair practices have grown because of the company's inflexible contracts demanding higher quality: "If Pepsi takes the cream of the milk, then where to sell the slurry part? This is the reason why the poor farmers sometimes get distracted from their moral responsibilities." Being a large farmer Dinesh Ghosh once tried to negotiate with the local agent of PepsiCo on behalf of all the contracted farmers:

> "I really feel bad while thinking of such deceitful activities. We are answerable to our customers…to the society. That is why I approached the local vendor so that the rejected potatoes could be picked up by PepsiCo at a negotiable rate. But the company contracts are too rigid to enable attention to be paid to our appeals." (December, 2014)

The farmers continue with the contracts regardless of the fact that their interests are compromised in order to obtain a consistent income that means they can avoid usurious informal loans and middlemen and their supply chains. Undoubtedly the contracts imply an imbalanced power relationship rather than a 'partnership'. The psychological pressure on farmers (because of the fear of crop rejection by PepsiCo) makes them heavily dependent on PepsiCo. The contractors have the sole ownership over the crops as they claim to provide every required input like "high quality planting material, including its proprietary advanced seed varieties" (PepsiCo India, 2017c).

In this sense farmers face the possibility of losing control over their landholdings. As discussed in chapter 2, a number of scholars such as Ariza-Montobbio and Lele (2010) and Ghosh and Thorat (2003) argue on the same issue that proletarianisation leads to a loss of control of the farmers' own land. The submissive attitude of small farmers towards PepsiCo raises serious concern that control of their land might be taken over at some point in time by the corporate giant overriding the contractual agreements. This 'takeover' may not exactly be what is called 'land grabbing' (i.e. dispossession from the land) but rather the possibility of 'control grabbing', that is, the sole control over the land and related resources such as water and soil (Borras Jr. et al, 2012). In such cases, notwithstanding the legal entitlement of the holdings, the farmer would become a contractual hired labourer on his own land.

In most cases, the risks of failure are generally transferred to the farmers and payment is made only on the basis of amount and quality of the delivered products (Clapp, 1988). Clapp (1988:10) compares this status of farmers with that of the "agricultural labourers" who work on piece rates. Such examples are not rare in the literature (as found in chapter 3). Such apprehension even questions the security of a farmer's social existence. Large and small farmers presented somewhat contrasting responses on this issue. For example, Dinesh Ghosh who is a large farmer holds a clear standpoint:

> "I would like to work with PepsiCo or any other company as long as the contract satisfies me…. If not, it is better to work independently even with all the market risks rather than losing ownership and control over land." (December, 2014)

Dinesh Ghosh's clear and confident position that he can operate without the contractors perhaps stems from his greater financial resources. Termination of contract would not affect his condition as severely as it would that of others as he has 11.33 hectares of land, along with different supplementary sources of income. However, small farmers lack the confidence to think in the same way. For them, contract termination means more indebtedness to the aratdars and thereby more intensified problems of socio-economic distress and insecure future for their families. Sitanath Ghosh, a contracted small farmer, was interested in continuing with PepsiCo for his own sake:

> "Till now I never realised the tight control of PepsiCo over the agreement. What I understood is that I am to satisfy their demands in every possible way; but I never even thought I might be losing control on my own land. Even in these circumstances I have to think a number of times before I walk out from the contractual relationship. The end of the contract would mean an end to a secure inflow of income from a part of my land." (December, 2014)

The financially weak farmers are not very anxious about ownership; rather, they are much more worried about their day-to-day survival, which is often an issue because of recurrent economic problems including pressure of loan repayments and low returns on farm-products. Small farmers like Nabendu Ghosh were desperate to avoid the traps of the private moneylending system by using their existing corporate contract:

> "Working independently cannot offer me a higher social or economic position that makes me feel better. Rather the continuous indebtedness keeps me under the control of the lenders. Is there any guarantee that my legal entitlement to my holding will not be snatched away by the lender one day if I fail to repay the loan? Moreover, I have not felt that kind of danger from PepsiCo so far". (December, 2014)

It might be too early to realise the extent of severity of the undesirable long-term consequences of dominance by big business of the local farmers who have been involved in corporatised farming only since 2012.

This sub-section confirms that PepsiCo India's theoretical assertion of functioning as the "friend and development partner" of the farmers has been found to be infeasible in a neoliberal set-up which induces profit maximisation out of the local resources (both physical and human). As a result, the local farmers are under complete corporate control in return for a fixed price for their crops at the end of each cycle. On the other hand, the aspiration for a 'secure future' with the help of a secure income (from a contract) leads to a strong sense of proletarianisation which has tends to trump other, arguably more rational concerns.

At this point in time, there is no clear sign of some long-run solution to reduce the social, economic and ethical vulnerability of small and marginal farmers especially when the support mechanisms and financial provisions introduced by the government have been unsuccessful. The following section, therefore, concludes that financial and infrastructural ineffectiveness have kept the farming community dominated whichever way they go – if non-contracted, power is in the hands of a group of local financiers (i.e., the aratdars) and if contracted, large capitalist corporations play the supreme role in regulating their activities.

6.4 Conclusions

This chapter has shown how corporatised farming has become a feature of agriculture in Rukminipur through the activities of PepsiCo India and its potato growing contracts. The research findings suggest that corporate contracts have become an essential remedy for many farmers in the context of infrastructural inefficiencies. They have helped those many small farmers who have been and would otherwise be in debt to the informal lenders and who struggle to access scientific farming methods. I argue in this chapter that nevertheless exposure to corporate capitalism has dented the farmers' control of the land by creating a group of proletarian workers and exposing them to further social vulnerability.

The preponderance of landholdings of unfavourable size in the study area and a widespread unfamiliarity with modern farming techniques due to financial incapacity and a lack of proper support mechanisms requires constant supervision and training that involve additional rounds of transaction costs to be borne by a corporate firm. Despite this, PepsiCo India's approach to engage the local small farmers in the integrated localised supply network tends to justify the firm's 'virtuous' notion of working with small and marginal farmers. It has helped local farmers solve their financial crises to a certain extent. The farmers are also "happy" to receive timely payments which are made on the basis of a fixed rate, thus securing a certain amount of income independent of market uncertainties.

The provision of certain farm inputs along with proper guidance and supervision are, in fact, the investment by PepsiCo, who demands a high quality return in exchange. The farmers who used to approach the aratdars for production credits are now availing themselves of the essential farm inputs and required assistance from the contracting firm. It cannot be denied that the farmers' output are now insured against market risks (by means of pre-determined price rates) and such a service cannot be offered by any bank or insurance company. The farmers are also relieved from the worries as far as payment of a feasible price is concerned. The rate may be fixed earlier, but often the estimated profit does not match the actual amount received because of the 'unsatisfactory' quality of the outputs.

My empirical research suggests that local farmers consider the provision of inputs and machines by PepsiCo to be a kind of production credit, the repayment of which is adjusted with the pre-determined price rate of the specified agricultural output (under contract). In return, the crops are insured against market swings and the premium is hidden within the quality of the product. If the quality fails to reach expectation, the product is rejected and thus the premium is extracted through the non-repayment of the price of those products for which the cost of inputs was borne. Therefore, it should be the case that the price of the product is fixed by the firm calculating all the possible risks. However, product rejection is a common practice by PepsiCo if the product does not attain their prescribed 'standards'.

As per the basic strategy of any capitalist firm, all investments are made in expectation of a higher return of output. Consequently, the issue of product rejection has kept the local contracted farmers under constant psychological pressure, which often outstrips the anxiety they used to face from market fluctuations while working independently. The 'panic' around product refusal has spread to such an extent that many non-contracted farmers are reluctant to go into any corporate contract even discounting the 'advantages' of an assured income. The initiatives of local farmers to reach a negotiable solution to this problem also went "in vain". Ultimately it led, as have seen, to several types of malpractice by farmers to avoid monetary loss. The piling up of rejected Atlanta potatoes (which are of no use in domestic cooking) with locally grown Jyoti potatoes has become a common practice in the study area. The sale of Atlanta potatoes grown on PepsiCo contracts in the open market is another form of malpractice, one that is often performed in a non-transparent way. These are the ways the farmers try to overcome the psychological stress and economic loss, perhaps at the cost of their ethical responsibilities to society (and to their employer, too).

The procedures of contractual farming raise a question about the participation of a farmer in determining the contractual settlement in addition to saying 'yes' or 'no' to the firm. Once contracted, they are used as a means of production meant for producing the specific crop. PepsiCo has never felt any necessity to explain their pricing policies to the farmers. However, PepsiCo claims to work in "partnership" with the farmers. The practice of 'interactional justice' is just a theoretical concept as far as the farmers in the study area are concerned.

PepsiCo India claims that they have "raised" the "social standing" of Indian farmers (including small and marginal farmers) along with their economic status (PepsiCo India, 2017c). It might be little early to test PepsiCo's claim at Rukminipur as the villagers have experienced this exposure to corporate capitalism only since around 2012.

Nevertheless, the situation has not altered entirely for the contracted farmers. The production credit for paddy cultivation is still supplied by the aratdars with their monopoly over the local supply chain. Therefore, an economically weak farmer (who is still caught in the debt trap) becomes desperate to free himself with the help of an assured income through corporate contracts. Their 'helplessness' is the reason behind their submissiveness to the terms and conditions imposed by the contracting firm. Consequently, within this neoliberal setup, power gets transferred from the aratdars to a new party (here PepsiCo). My research indicates that these is a high risk that the farmers will gradually lose their control over the land, ultimately turning themselves into dispossessed agricultural labourers as has happened to small farmers in other developing economies as found in chapter 2.

This conclusion suggests that there is a need to explore the impact of neoliberal corporate capitalism on other sectors of the economy. To this end, in the next chapter I examine its impact on traditional retailing, which is predominantly run by small-scale entrepreneurs yet contributes a considerable share of WB's GDP, second only to agriculture. In the following chapter I will investigate whether the expansion of neoliberal capitalism has also led in similar directions towards proletarianisation and dispossession.

Chapter 7: Impacts of Corporate Retail growth on Small-Scale Traditional Retailers in West Bengal

7.1 Introduction

In line with the basic argument that the expansion of neoliberal policies and practices has divisive and diversified impacts on different economic sectors, the preceding empirical chapter explored the current circumstances of the small and marginal farmers as they attempt to deal with the challenges posed by investment from a multinational company. This chapter will look for another significant small-scale sector of West Bengal (WB) economy i.e. low-cost traditional retailing and its sub-segments to explore the aftermaths of neoliberalisation on the livelihood of individuals.

Retail trading has maintained a crucial significance in the Indian economy (including WB) creating the second largest employment providing sector (next to agriculture) with a dominance of small-scale businesses and family-run shops (Gooptu, 2009). The recent 'retail boom' has been backed by investments from modern retail companies showing the growing ascendency of modern outlets, starting from supermarkets and hypermarkets, departmental stores to purpose-built shopping malls (Gooptu, 2009). This chapter is based on field research conducted in the city of Durgapur, Bardhaman district, WB which is experiencing a capital influx in its retail sector.

Durgapur, an industrial city surrounded by the agricultural rural hinterlands of Bardhaman, has grown as an attractive destination for foreign and domestic retail giants, though foreign investment has remained restricted to single-brand retailing. In Chapter 3, I discussed the neoliberal ideology of WB that has so far banned foreign direct investment (FDI) in multi-brand retailing in anticipation of increased pressure on the marginalised section of the retail supply chain i.e. the small/marginal farmers and traditional low-cost retailers. Nevertheless, the international brands are very much present in single-brand retailing and are also gradually penetrating the multi-brand wholesale sector (discussed in Chapter 3). The recent inflow of capital in multi-brand retailing from indigenous sources has altered the retail scenario of Durgapur also.

The preceding empirical chapter argued that the presence of a foreign multi-national (PepsiCo India) in rural Bardhaman has made the contracted farmers lose their sovereignty and social persistence and they turned to be the proletariats. This chapter on traditional retailers will discuss another aspect of the economic modernisation process that is driven by neoliberal principles, one in which entrepreneurial capital is domestic. The survival of the small-scale retailers is consequentially a significant issue, as most retailing (specifically in the grocery market) is still dominated by small-scale traditional businesses. My field research consists of comprehensive interviews among 34 traditional retailers (19 store-owners and 15 semi-permanent/mobile street vendors) at different locations of Durgapur city. The study areas were selected on the basis of their locational importance; e.g. at a major transportation node, residential neighbourhoods and commercial areas.

As with the central argument of the preceding chapter, empirical findings in Durgapur also argue that the penetration of markets by large-scale businesses can expose the small-scale and impoverished sections of a 'progressive' economy towards proletarianisation, dispossession and displacement. My research findings suggest that exposure to pan-Indian enterprises is likely to have the same diverse and divisive impacts within various sub-segments of the traditional retail sector as it has on small farmers. Also, in both sectors (farming and retailing), I find that inherent infrastructural difficulties have intensified the adverse impacts of such modern capitalism on the indigenous small-scale entrepreneurships. Small-scale farming perceives corporate exposures as a way to get rid of middlemen who consume up their deserved revenues; however, eventually the resource-poor farmers are exposed to further socio-economic challenges of the corporate regime. On the other hand, small-scale traditional retailers have involuntarily entered a competition with the domestic corporate retail chains without having any supportive infrastructure set-up. The unfavourable economies of scale of the small-scale retailers are coupled with a disrupted supply chain overcrowded by middlemen. Consequently, the product prices grow higher eventually causing the loss of customers (discussed later).

The chapter builds up a pivotal argument that the ultimate consequence of free market large-scale retail growth in a developing economy involves a struggle of sustenance for those who are essentially small in terms of resources—no matter if liberalisation is induced by foreign or domestic capital. Henceforth, the basic ideology of the state's relationship with capital will be questioned once again in this chapter, especially when it fails to provide a supportive infrastructure for the underprivileged sections. In the paragraphs that follow, I lay out a basic framework of the chapter before entering into detailed analytical discussion of the research findings.

In section 7.2, I discuss the development process of neoliberalism at a regional scale in the state of WB. It explains the background story of the emergence of an aspirant middle class population and the subsequent growth of recent capital-intensive consumerism.

Section 7.3 establishes the significance of Durgapur in the retail map of WB. It offers a concise picture of the retail-mix in Durgapur against the backdrop of the city's industrial, commercial and social structure. It familiarises us with the fundamental fact (as recommended by the Ministry of Labour and Employment) that in Indian context any trade/enterprise run by family or casual labour is contemplated as ‘informal’ and ‘unorganised’ regardless of their legal existence with a trade license or having tax-payer status.

In Section 7.4, I explore the impacts of ongoing corporate expansion on the informal traditional sector. In its introductory part, the section offers a groundwork (based on empirical findings) on the operational and management procedures of the traditional retailers. Here I argue that unfavourable economies of scale in procurement, middlemen-intervened supply chains and unstrategic managerial approaches, coupled with a weak financial and human resource-base, are the main reasons behind their problems in relation to the corporate giants. Considering the divisive and manifold impacts of modern retailing and the respective resilience strategies in various sub-segments of the traditional ‘unorganised’ sector, the section has split the discussion into two parts—first, on retailers with legalised stores i.e. kirana-owners (sub-section 7.4.1) and second on semi-static/mobile vendors (sub-section 7.4.2). Each of the sub-sections (i.e. 7.4.1. and 7.4.2) are again sub-divided into two sections to discuss the impacts and resilience attempts of the retailers in the respective sectors. Here I will explore the severe struggle of the group of tax-paying traditional small-scale retailers with a legal material space (i.e. kirana-owners) to maintain their market share which is strategically being captured by the multi-brand retail giants. On other hand, another group of retailers with extremely limited financial ability (specifically the unlicensed street vendors) is striving to retain their spatial existence while the large shopping malls and modern retail outlets are transforming the city landscape. Analysing the effects of expansion of the free market in both sub-segments, I argue that proletarianisation and dispossession are the most undesirable consequences of modern retail expansion, replacing the entrepreneurial prominence of the low-cost retailers. Moreover, such alterations have made the street vendors more vulnerable to displacement as the policies are more enthusiastic in inviting big capital (in vision of “world class cities”) rather than providing a supportive infrastructure to low-cost livelihoods. Here, I find that infrastructural loopholes and certain negligence and venalities at the state and local governmental levels have made the situation more complicated. Additionally, the section explores another issue (which has rarely been discussed in the existing literature) that the traditional sector is experiencing greater intra-sector competition where a tussle for market share has been prompted by the respective socio-economic and legalised existence of the retailers.

Therefore, in the concluding section (section 7.5), I will note possibility of further socio-economic and cultural violence within the traditional sector that might affect the overall economic sustenance of the state.

7.2 Regional neoliberalism and the transformation of the retail sector: A brief background story

This section starts with an argument [following Walker's (1993) concept of regionalism] that WB developed an individual regionalism within the nation in terms of market liberalisation. This section discusses the state's adoption of free marketing policies and the emergence of an aspirant middle class population which has induced the growth of capital-intensive consumerism. This in turn induces the expansion of the liberalised economy often at the cost of the livelihoods of low-cost retailers (Kothari, 1993). This argument will continue in section 7.4 with a detailed discussion around the interviews conducted.

The ongoing retail transformation within WB has a distinctive trend that does not mirror the average retail transformation trend within India. The individualism of WB as a state in the context of the adoption of free marketing ploicies, reminds us of the metaphor coined by Walker (1993) in which he perceives a state as a 'container' that differentiates an "inside" of internal political interactions from the "outside" of interstate or even international affairs. The pattern of modern retail expansion in the regional state of WB can be identified separately from several other states of India because of its unique political-economic past that experienced 34 years of communist rule (1977-2011). WB used to be considered as a "hostile state" for corporate retailers due to the Leftist government's licensing system (issued by WB State Marketing Board) and associated legal limitations that were rigidly applied to curtail the power of big corporate bodies and maintain the ideology of distributive justice (Cohen, 2013:56). However, the picture has changed widely with the changing tastes and preferences of the emerging middle class which is a result of an influx of foreign investment in manufacturing and service sectors [specifically in information and technology (IT)]. The initiative of inviting foreign capital was initiated by the communist government itself in the 1990s, under the patronage of the then central government (Kalish and Planer, 2012).

The thriving service sector has led to the emergence of a new middle class with higher disposable income that subsequently has altered consumers' behaviour, lifestyle and preferences (D&B, 2013). The Indian middle class is not just an income group; rather it also signifies a 'political and social class' and a 'consumer market' (Saxena, 2010:2). The 'new' middle class of India (likewise in WB, too) is in fact an outcome of "imagination of political discourses around globalisation and consumption" (Voyce, 2007:2059: also see Fernandes, 2004). Such discourses are usually restricted to certain "idealized images of urban middle class consumption" in the media (whether print or televisual commercials) and also to the related public discourses that portray economic liberalism or neoliberalism to be new openings for middle class to practice their "consumer choice" (Fernandes, 2005:88). Thus, this class has built up a structural linkage with the big retailers (whether foreign or domestic) who strategically target the growing middle class market (Sridharan, 2004). The expanding 'new' middle class in WB has also attracted the big investors in several fields of the market economy including multi-brand retailing. In addition, large corporate retailers of domestic origin have also been encouraged to expand across WB in the recent past (discussed in Chapter 3). However, this 'advancement' of markets, with the help of vision of the middle class, has ignored the class that was left at the bottom of the economic pyramid; Kothari (1993) labelled this vision of "liberalising India" to be a "growing amnesia" about the financially backward class.

Later parts of this chapter will investigate the transformation trend in the city of Durgapur which has acquired a significant position on the retail map of WB having outlets of leading multi-brand retail giants of domestic origin because of its characteristic middle class niche. Before going into the thorough analysis of the empirical research, section 7.3 will provide a comprehensive outline of the retail-mix of Durgapur city.

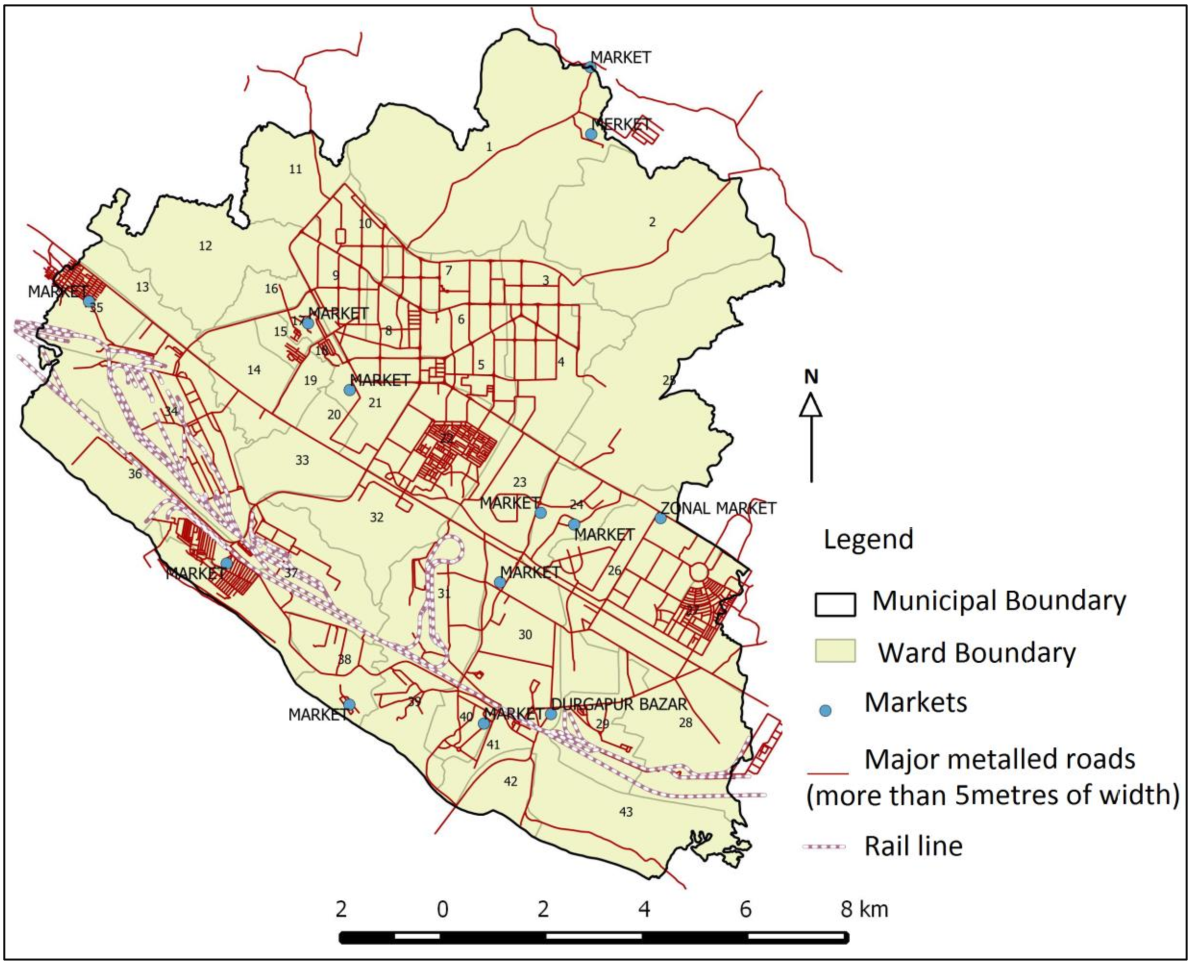
7.3 Durgapur: A variety of retail activities

This section introduces Durgapur as a functioning 'economic space' with the establishment of the steel plant of SAIL. Then it provides a brief account of the city's current industrial, commercial and social infrastructure (after ADDA, 2010 and Mukherjee, 2004). Following Jagannathan (1987) it suggests the significance of retail markets in Durgapur which are allocated (like other essential amenities) to serve the residential townships; although the retail space in such markets were planned specifically for the "fairly large" entrepreneurs (Jagannathan, 1987:554). This shows that the needs of the low-cost vendors have remained overlooked from the perspective of the basic planning layout of the city. Next, the section provides an overview for the retail mix that ranges from established stores to street vendors along with familiarisation of certain key terms in Indian retailing such as 'informal'/'formal' and 'unorganised'/'organised' which suggests that the entire traditional sector belongs to 'informal' and 'unorganised' segments of the economy regardless of their sanctioned license or tax-paying status.

The recognition of Durgapur on the retail map of WB owes its significance to the urban map of the state. The city was developed to endorse new townships with a new 'economic space', with new patterns of production and market operators (Bhattacharya and Sanyal, 2011). The foundation of

Durgapur Steel Plant [an integrated steel plant owned by Steel Authority of India Limited (SAIL)] was the most significant landmark in the post-independence industrial economy that has been opened up to a diversified economy. Subsequently, the post-independence 'industrial drive' of the late 1970s created "more than 60 factories and around 800 other manufacturing units in Durgapur including two Steel Plants, two Thermal Power Plants, a Glass factory, a Heavy Machinery factory, a Fertiliser factory and a Chemical factory under the public sector" (Mukherjee, 2004: Page no. not found). In a report by Asansol Durgapur Development Authority (ADDA) (2010:7), it is claimed that under this urban industrialisation scheme, Durgapur came out as the "Rurh of Bengal" and accelerated the socio-economic transformations of its adjacent hinterlands with the emergence of numerous 'census towns'. About 75-85% of urban households under the Durgapur Municipal Corporation (DMC) are originally immigrants from outside Durgapur city which remained the "preferred location for low and high medium income group people in white collar jobs" (ADDA, 2010:48). Afterward the native and immigrant workforce led to the construction of a significant social infrastructure. Consequently the city grew as an educational hub to cater the academic and training requirements with the development of certain prestigious institutes of national importance such as the National Institute of Technology (formerly known as the Regional Engineering College), the Central Mechanical Engineering Research Institute, and the National Power Training Institute along with local schools and degree colleges (Mukherjee, 2004). Also, since the beginning of 21st century, the IT sector has created further job openings while the influx of population and income opportunities have helped to flourish the real estate industry. Today the city possesses a group of affluent middle class residents by virtue of its manufacturing and tertiary sectors that have drawn the attention of contemporary big capital. Durgapur is the second (next to Kolkata) most appealing target for the domestic multi-brand retail chains to reach the households of mass-consumers (discussed in Chapter 3). The rate of retail transformation is lower than that of Kolkata, however. That said, it can be anticipated that the dynamic retail sector of Durgapur will be more responsive to corporate investments in the future given its more flexible outlook towards the free market economy.

Figure 7.1: **The location of traditional retail markets and the physical layout of the "planned" townships in Durgapur**



Source: Durgapur Municipal Corporation, 2015

Retailing in Durgapur has always been considered as an important economic activity. It is a planned city where the physical layout of the townships provided 'compact' sectors or blocks for accessible neighbourhood retail markets along with other essential amenities [e.g. educational (schools), cultural and recreational] for the residents. The 'planned' sector markets are the sheltered areas (usually with a courtyard) having rows of traditional outlets especially catering for the grocery demands of the neighbourhood customers (see Figure 7.1).These markets are the commercial hubs of each township within Durgapur (Jagannathan, 1987). This research was conducted (the methods have been discussed in Chapter 4 in detail) at different markets both in residential as well as in commercial areas (specifically within 1-2 km. radii of the significant modern 'organised' outlets) to reach the traditional retail-outlet owners—at Chandidas market, Bechachity market and Daily market. The street vendors were interviewed near significant transportation nodes and also in the vicinity of the ‘organised’ outlets.

Photo7.1: **Examples of the traditional retail-mix in Durgapur**

(a) A low-cost Kirana,
(b) Street vendor selling vegetable (temporary outlet on footpath) and
(c) Street vendor selling fish (temporary outlet on footpath)

Source: Author, 2014-2015

It is worth mentioning that the planned layouts overlooked the requirements of shelter and earning opportunities for the urban poor, a good share of whom consequently adopted informal street vending for their livelihood. Retail-spaces (shop floors) were only designed for those who had “fairly large” business turnover (Jagannathan, 1987:554). This initial ‘inadequacy’ later resulted in a conflict of interest between the ‘sheltered’ and the unsheltered traders within the traditional sector (discussed later).

Currently Durgapur has a mixed retail structure in the grocery sector consisting of big ‘organised’ modern outlets (here denoting all modern retail, which includes chain stores of different set-ups such as supermarkets, hypermarkets or convenience stores) of domestic (multi-brand) retail giants and low-cost 'unorganised' traditional retailing. So far Durgapur has encouraged investments from leading domestic 'organised' multi-brand grocery retail chains like Big Bazar and Food Bazar (run by Future group), Spencer's (run by R.P. Goenka Ltd.), More (run by Aditya Birla Ltd.) and Arambagh's Food Mart (run by Arambagh's). Even the convenience stores of giant retail brands are considerably bigger than the local traditional outlets the shop-floors of which hardly exceed 400 sq. feet area (discussed later).

In India, 'organised' retailing includes only some large incorporated stores, departmental stores, retail chains, hypermarkets, supermarkets etc. At this point, it is crucial to clarify that the 'formal' definition of a business unit does not necessarily confirm its 'organised' status in an Indian context— "partnerships, private and limited companies, and businesses run by cooperative societies and trusts are not considered to be organised businesses in India" though 'formally' they exist (Kohli and Bhagwati, 2011:4). The ambiguity needs clarification before I go into the core topic. In Indian retailing (including WB), all businesses run by individuals or households are considered as 'informal' and 'unorganised' irrespective of their legal existence with trade licenses and tax-payer status. As per the guidelines of the Ministry of Labour and Employment, India (cited in Kohli and Bhagwati, 2011:3), all "unincorporated businesses that are owned and run by individuals or households" fall under the 'informal' category, essentially run by family members and casual labourers. Therefore, the low-cost traditional family-run retail units are basically 'unorganised' and 'informal' including established kiranas and street vendors. Considering the retail mix within the study-area, I will discuss the traditional sector in two parts— licensed store-owners (who have a prominent claim on legalised space) and semi-static or mobile vendors (who essentially lack any legally supported spatial existence).

Traditional retailing reflects a mix of certain types of outlets with their respective characteristics and investment capacities (see photo 7.1). Traditional food and grocery retailing in Durgapur (so as in WB) is basically comprised of two types--kiranas (i.e. the mom-and-pop fixed stores) and semi-static and mobile vendors. The kiranas are usually convenience stores and typically signify family run licensed retail businesses in legalised concrete outlets with limited inventories of food and groceries. The field reasearch brings out that about 95% of the kiranas are of less than 500 sq. ft. and 79% are of even less than or equal to 300 sq. ft. Most of these kiranas in the sample (above 85%) reported to have inventories of less than 1million INR i.e. less than £12000 (as in April, 2017). The kiranas are generally run by family labour; the study finds that more than 68% of them cannot afford hired employees. 44% of the retailers in the sample had semi-permanent shops with very limited investments. These are quite ubiquitous in the city. They range from unlicensed street shops and kiosks or mobile vans peddling soft drinks or street foods to footpath sellers. The average working hours for almost all categories of traditional retailers is 11-12 hours a day (excluding an average break of one hour each day).

Most of the reviewed literature has investigated the impacts of 'organised' retailing on the low-cost 'unorganised' sector as a whole. However, this research looks for a further detailed and in-depth analysis of the topic and splits 'unorganised' retailing into the two halves based on their individualities in terms occupancy of space (explained later). The current state of these sectors will be explored in the following sections (based on the findings from my field research) to estimate the risks and precarity of low-cost livelihoods in the changing retail environment. In section 7.4, a discussion on the outcomes of my research will deliver a comprehensive idea about the impacts of retail transformation and the defensive strategies of traditional low-cost retailers to retain their social, economic and spatial existence.

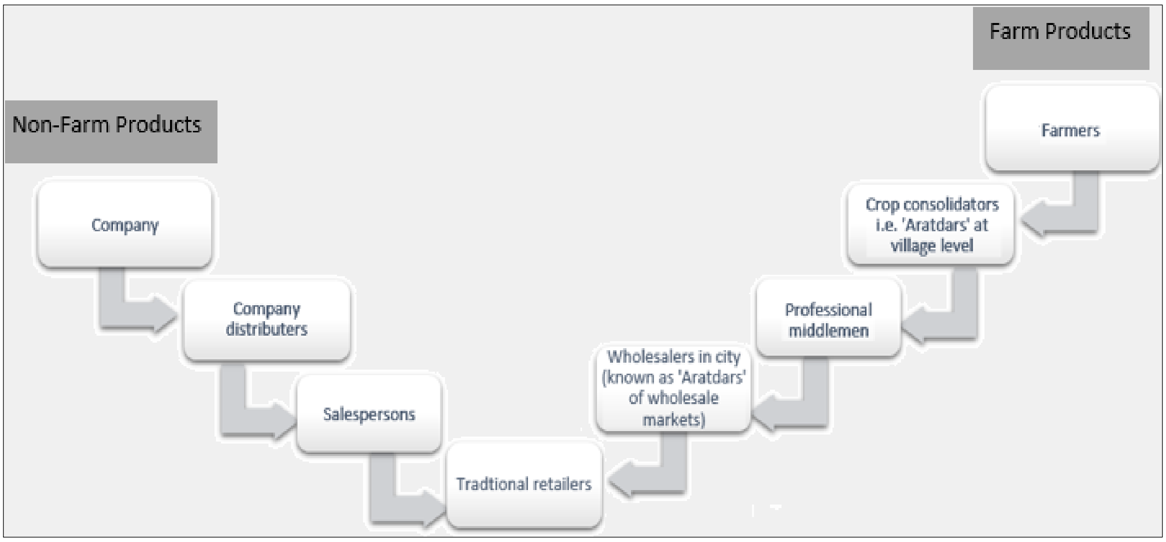
7.4 Traditional retail sector: Risks and resilience

On the basis of the empirical research, this section reinforces the argument [also put forward by Reardon and Gulati (2008) and De Andrea et al (2006)] that favourable economies of scale for procurement, along with well-organised distribution systems and strategic managerial technicalities with a sound resource-base are the key strengths of the giant corporate retailers. It empirically explores the competitive disadvantages of the supply chain (mostly crowded by intermediaries at different levels) and inventory management for resource-poor traditional retailers in Durgapur against the backdrop of changing tastes and preferences of the middle class and aspiring young shoppers. Considering the extent of impacts of the growing free market capitalism and the essential resilience of the traditional retailers in the study area, the section has split the discussion into two parts—first on retailers with legalised stores i.e. kirana-owners (sub-section 7.4.1) and second, on semi-static/mobile vendors (sub-section 7.4.2). The contents of these sub-sections have been summarised at the beginning of the each section.

Despite managing the ownership and managerial operations simultaneously, the activities of the traditional retailers are restricted in many ways by their limited financial assets. The managerial efficiency of the modern retail chains, coupled with their large investment potential, are their major strengths to win significant market share. The procurement systems (both for farm and non-farm products) of the corporate giants usually lower product prices. Offers of diverse products of higher quality at lower costs have helped them to gain competitive advantages over the traditional retailers (Reardon and Gulati, 2008). It is the case that small traditional retailers lack the resources to take advantage of considerable volume discounts or the trade allowances offered to the big retail chains (D'Andrea et al, 2006).

My field research in Durgapur found that the small traditional retailers manage a self-regulatory procedure to obtain food, grocery and daily merchandises. For grocery, packaged food and other household products, most of them are dependent on sales people from the 'company distributors' who communicate with the store-owners on a regular basis (usually every fortnight or every month) to replenish the stock. 'Company distributors' are actually the brokers who perform sourcing, warehousing and the distribution of products from different companies and ultimately set up a link between the companies and small retailers. The part of their job related to distribution, has made them locally known as 'distributors' despite the fact that they basically perform wholesaling activities. They intermediate between producer/manufacturers and retailers with the help of sales people who visit the stores on their behalf. These sales people are the appointed agents of the 'distributors' who approach the retailers in person to sell/promote the concerned products. Generally they observe the outlets, survey the customers and retailers as well as negotiating the offers. Most of the products (except certain food grains such as rice, raw food items such as pulses, eggs etc. and raw vegetables) are supplied from distributors' outlets through salespersons' intermediation. The range and brands of products might vary according to the investment potentials of the retailer. A common characteristic of local kirana-owners observed during field research was their effort to keep the aisles stocked up with the nationally and internationally recognised branded products as far as the groceries and certain packaged food items like cakes, confectionaries (including sweets or chocolates), snacks etc. are concerned. Internationally famous branded products from Unilever, Procter & Gamble, Nestle, Cadbury etc. are fairly abundant even in the small kiranas. Thorough discussions with the retailers suggest that the decisions of store layout are also influenced by the salespersons at times depending on the product offers or packages.

Figure7.2: **Sourcing strategies adopted by traditional retailers for farm and non-farm products**



Source: Author, 2014-‘15

For sourcing of farm products (both agricultural and poultry), all respondents depend on local aratdars. Aratdars are the consolidators with sizable storage capacities, as per their respective investment ability. These aratdars are different from the aratdars whom I introduced in the previous empirical chapters. In Chapter 5 and 6, I introduced the group of professional crop consolidators known as aratdars who also play the role of informal lenders by providing investment credits to the farmers. These aratdars work at the village level only. They sell the consolidated crops to the professional middlemen who bring the farm products to the wholesale markets. In addition, however, there is another group of consolidators in wholesale markets of the towns/cities, also known as aratdars. They usually purchase the products from middlemen connect farmers and wholesale markets of the city (see Figure 7.2 for further clarification). In Chapter 5, I have already discussed how the series of middlemen mediate between farmers and retail markets and the rural aratdars are the gatekeepers starting the chain of intermediation by purchasing the farm products and again selling to the professional intermediaries who deliver it elsewhere. So the chain of intermediation starts with a group of aratdars at the village level while it ends in the city wholesale markets with another group of aratdars who actually play the role of wholesalers to the local retailers. More specifically, the wholesaling activities can be split in two parts— (i)The wholesalers dealing with different companies to warehouse non-farm products are generally called as ‘distributors’; (ii) the wholesalers who consolidate farm products are usually known as aratdars. Basically both categories perform wholesaling duties.

The sourcing of inventories varies from store to store and a single store can follow more than one strategy for sourcing, depending on the customers' demands, availability of required products and product-offers along with the influencing decision of the product suppliers (to certain extent). Therefore, in addition to unavailability of 'volume discounts' [due to disadvantageous economies of scale (discussed earlier)], intervention of a series of intermediaries is another factor that is responsible for hiked prices of certain items at traditional outlets.

My field research found 65% of the licensed traditional retailers to report that the elderly customers (generally the retired persons above 60 years of age) are less likely to shop at the modern outlets regularly. The middle aged customers (mainly the economically active population of 25-55 years) are especially found to be supermarket-bound (as per the respondents of my empirical research). They are usually concerned about their monthly budgets on grocery shopping and interested in taking advantages of the good deals/offers on essential products. Another common experience of local retailers (as they shared during their interviews) is that the younger people (specifically high school/college/university students) are much more inclined to the attractive shopping environments of the modern outlets.

The narratives of the respondents suggest that the conventional idea of grocery shopping has changed with the changing economy. Newer economic spaces are being created with big investments from big corporations; this in turn has increased the income of the average middle class surviving on salaried services (already discussed). Consequently standards of living have risen. This has induced the expansion of investments from pan-Indian retailers altering the structural construct of retailing which has significantly influenced the middle class customers' usual shopping habits. The interviews with the local small-scale traditional retailers suggest that, the ongoing transformation has made them realise that grocery shopping is now perceived by many as a complete package of convenience and comfort in terms of expense-capacity, hygiene/cleanliness and professionalism. As per the opinions of the respondents, most of the middle class customers (specifically the middle aged and young population) prefer to shop at the modern outlets where she/he can pick up a specific product of choice after appraising the quality and price of a range of products. Also, a good range of varieties from different brands for a single product can be compared under a single roof.

My research found the comparatively well-to-do informal traditional retailers running licensed food and grocery stores (kiranas) have been most affected by change as they used to be the habitual destination of average customers for shopping of monthly or weekly groceries and other household products. However, the impact of corporate retailing was not the same for the informal traditional retailers on the streets. My field observation, therefore, splits the small scale 'unorganised' informal traditional retailing into two categories – retailers with legalised stores and semi-static/mobile vendors. These two sub-sectors are different from each other in terms of their operational approaches and target customer base. Accordingly, the following sub-sections develop the arguments to understand the intensity of risks (caused by corporate retailers) and also their resilience attempts for survival. More interestingly, this section will draw out the nuance of dissatisfactory perceptions about each other within the traditional sector itself indicating that the 'threat' of losing market share is not merely from big corporates only; the issue of the increasing decline of 'unorganised' retailing is more complicated than it is superficially perceived to be much of the literature to date (discussed later).

7.4.1 Traditional retailers with legalised floor space (Kiranas): Experiencing a challenge to their social and economic existence

7.4.1.1 Impacts on sale of the Kirana-owners due to the expansion of corporate retailing

This sub-section discusses the impact of the expansion of big business on the small-scale traditional sector with legal establishments (i.e. kiranas). The outcomes of my field research suggest that the market penetration by modern retailers has affected 95% of the licensed kirana stores with a significant drop in sales. The sub-section argues that the experience of greater competition with the organised retail giants has prompted an anxiety of dispossession among the kirana owners. The strategic resilience needed to retain the business often leads to dismissal of employed helpers, indicating another face of unemployment within the traditional sector. It also contradicts the viewpoints of liberal authors [such as Mukherjee and Patel (2005) or Joseph et al (2008)] who consider modern retail expansion as the creation of alternative jobs for dispossessed entrepreneurs. However, on the basis of my empirical findings, this sub-section argues that despite the livelihood struggles, low-cost retailers prefer to preserve their entrepreneurial status (no matter how small it is) rather than give up and work for the large corporate firms. This argument continues in the following sub-section where I will explore their resilience attempts to sustain independent entrepreneurship.

As mentioned in preceding sections, the retailers running kiranas (with legalised floor-space) were found to suffer most from the ongoing transformations. Reportedly, the increasing emergence of new formats of retailing (be it convenience store or supermarket/hypermarket) in Durgapur has changed the expectation levels of the general consumers who especially have 'moderately high' disposable income to spend on their monthly groceries. About 95% of respondent kirana-owners reported to experience a drop in sales, while 63% of them specified that drop has been more than 50% in the last 5 years. My empirical research suggests that unfavourable economies of scale is the key competitive disadvantage for the small-scale licensed store-owners; because they have to bear higher sourcing costs (discussed earlier) along with high operational costs and related taxes to run a legalised establishment. These retailers can neither retain the market share of middle class customers (because of the meticulous attempts by corporate giants to reach the middle class households) nor can they shift their target customer base entirely to the lower income groups as this sector overlaps with that of the informal retailers with semi-permanent arrangements or street vendors.

These livelihood difficulties have intensified the fear of further loss for traditional kiranas in Durgapur. The anticipation of significant customer loss has already become widespread in this sub-sector. About 32% of respondent kirana-owners were pre-occupied by the anxiety of experiencing a 'major decline' in business in the near future which might even lead to 'complete closure' of their business. 42% of them expressed their anticipation of further troubles due to the changing retail environment and the changing tastes of the average customers. More importantly, all the respondents who have children were reluctant to set them involved in this business.

Such intensity of psychological tussles evokes a serious issue about the effectiveness of free market capitalism in a developing economy. This is not just a question of financial stability of a group of people involved in a specific low-cost business; but it also impacts their social existence and mental stability. I could sense a common anxiety of 'failure' among these retailers. The traditional kirana owners are left with few choices for survival other than continuing with their existing business. Subsequently, they opt for retrenchment of hired employees or economising related maintenance expenses. 21% of licensed kiranas reported to having cut-back their expenses by dismissing hired employees to resolve their own survival crises. This indicates the severity of the employment crisis. The neoliberalisation in retail sector is not only affecting the livelihood of the traditional low-cost traders, but also leading to greater joblessness of a blue-collar labourers who used to be employed by those low-cost traders.

Surya Adhikary runs a 400 sq. ft. legalised retail-space (kirana) with the help of a hired hand from his extended family after reducing the costs of hired labourers he used to bear during his "good time":

> “I had 4 employees 10 years back while traditional retailers like us used to dominate the local retail sector…..Now I have only one helping hand in my store (that too my own cousin who serves me at nominal wage)…Since this chap didn’t have a job I asked him to help me rather than staying as completely jobless.” (January, 2015)

Another significant incidence of retrenchment was found at the 200 sq. ft. kirana of Aseem Baishya at Benachity market:

> “My elder son works with me for last five years and one hired employee was there. The younger son joined last year as he could not manage to pass his BA exam. By that time, I was also struggling to bear all the expenses to run this establishment. I had to fire the hired employee. What else could I do? I was desperate to cut down the running costs on one hand and had to make some work provision for my own son, on the other. Who would give a job to a BA-failed candidate?” (February, 2015)

This again reminds us of the complexity of consequences that have been imprinted on the job market of traditional retailing after it has faced a livelihood challenge from the corporate giants. These are not mere examples of the replacement of hired employees by family labour as a cost-cutting strategy of small retailers. It also indicates the potential of the traditional sector to adopt jobless people (even without a university degree). Moreover, where did the jobless people go? That could be a relevant issue to examine through further research. Aseem does not have any idea about that. Surya informed me that one of those 4 employees whom he fired 3 years ago, is now running an “informal retail stall on a footpath selling some food and household products” near the city centre. Again this implies another instance of the endurance of the traditional sector to shelter jobless people.

Economising the expenses by reducing employees is not the only impact on livelihoods. A number of employers (i.e. store-owners) are pursuing thoughts on obtaining some other job. On the face of increasing popularity of contemporary consumerist retail set-ups, the traditional kirana-owners are anticipating their end as ‘entrepreneurs’ and thinking of some alternative livelihood opportunity that could assure a persistent source of income. The seriousness of the issue was prominent in the words of Shyamal Khatua, a licensed kiranawala having a store of 300sq. ft. at Chandidas Market:

“I sometimes think of opting for working somewhere else. Why not in a shopping mall? At least a guaranteed salary will be received by the end of each month. This business has become a burden with endless worries. I spend sleepless nights at the age of 50. The way the supermarkets and shopping malls are expanding in Durgapur it is really getting tougher to hold the customers with the traditional stereotyped business strategies and even if you want to do something new, funding will come in your way." (January, 2015)

Mr. Khatua's livelihood struggle has made him perceive his small entrepreneurial effort as a "burden", indicating a job change to get rid of the competitive disadvantages faced by the small retailers. This is not just an individual thought that has preoccupied one single retailer. Mira Chanda, a middle-aged lady running a small grocery store of around 100 sq. feet at Daily Market expressed her frustration saying that she has lost all expectations from this business which was started by her husband about 20 years back and since then they have invested time and money with "diligent and honest" efforts. In the recent past the crisis of the fall in sales was so serious that her husband had to opt for some other job:

> "How would a low-cost retailer compete with Big Bazar or More? Still we try our best to satisfy customers but maybe the appearance of this shop does not attract anyone. Renovation and restoration would cost a huge amount of money. We are already debt-laden to the Mahajan (private lender) for daily existence. Now my husband is working at a construction site to provide some financial support for this business. I do not know if this struggle has an end or not." (January, 2015)

Therefore, an independent retailer has turned to a wage-labourer at a construction site which neither has any job security nor has any productive future. Mira Chanda's interview discloses that her husband has become a construction labourer to make a parallel provision of money for the betterment of their store. The same nature of resilience was reflected from the narratives of Paresh Yadav who is also thinking of some alternative job; but simultaneously does not want to lose his 'entrepreneurial' status. Paresh was an immigrant (of 39 years) from Bihar possessing a 100 sq. feet store at Chandidas Market. He came to "try his luck in this prosperous city" and is now going through financial upheavals in the rapidly transforming environment. Paresh is also looking for an alternative salaried job to gain some financial stability with an optimistic future plan to utilise that salary for the maintenance of his business:

> "I have thought of an alternative job in some private company for a fixed monthly income….It is the best possible solution for me as the market is not responsive enough to traditional retailing. Money is needed for education of my children, too. I never thought of

selling my store though. I will adjust my time between the salaried job and business. If salary permits, I would hire someone to look after the store." (January, 2015)

Over three-quarters of kirana shopkeepers interviewed expressed similar sentiments to Mira Chanda or Paresh Yadav, suggesting that they have a strong will to continue with their entrepreneurial effort; no matter how small the business is. It contests the argument (as proposed by Reardon 2005; Mukherjee and Patel 2005; Joseph et al. 2008) that retail transformation in a hyper-liberalised economy creates numerous jobs with higher payments and 'better' working environments (in the corporate retail sector and also in the allied sectors). My empirical research perceives this to be a forced proletarianisation process at the cost of small-scale entrepreneurships as the increasing loss in market share leads the weaker competitors to pursue some other jobs. Mukherjee and Patel (2005:134) suggest that the job creation policies in modern retailing should give importance to the fact that these substitute opportunities are for a group of "uneducated people" who are now engaged with 'unorganised' retailing "not out of choice but due to the lack of alternative opportunities". My research again challenges this viewpoint. The interviews do not suggest that all petty traders would be happier to find a livelihood in some other's outlets. For example, Shyamal Khatua is thinking of joining some blue-collar job at some shopping mall because of the anxiety of customer loss and financial problems. Alternatively, however, Mira Chanda and Paresh Yadav's narratives suggest their interest in running an independent entrepreneurship with some supplementary income. Additionally, corporate retailing cannot guarantee to arrange provision of employment for all the redundant retailers. What about the aged people [like Ranjit Basu (58 years) or Shyamal Khatua (50 years)] who are struggling to survive the competition? Will the aged unemployed also be fit to work at a supermarket or anywhere else in some 'allied' sector? If the person lacks formal education beyond high school (as Mr. Khatua does), how far it will be conceivable for an aged person to join some job that demands physical labour? Levels of formal education, age, skills or competence are some of the significant factors that might not be in favour of the 'displaced' retailers.

The increasing precarity of the traditional sector in Durgapur, has induced a common anxiety of decay. Almost all the kirana-owners want their chidren to obtain some 'stable' source of income after having a good education, rather than continuing with the traditional retail business. For example, Govinda Samanta was afraid of the future of his 'ordinary' 300 sq. ft. kirana and plans something 'better' for his future generation:

> "My sons are not so good in their studies that I would expect them to pursue some white collar government jobs. Still I want them to be engaged in some salaried job because I can foresee that my business will be almost closed after 10-12 years. I intend them to provide some vocational training so that they can become at least an electrician or driver or anything they want to be…But would never suggest them to continue with this business. This acute competitive market demands a huge transformation of my existing business pattern. It is just impossible to achieve not only due to my financial limitations but also because I do not have hired brains to pursue competitive strategies as big retailers do." (January, 20015)

Such narratives indicate a fear of extinction of the traditional retail stores. The overall study in Durgapur specifies further decline with the high probability of retrenchment of hired labourers and job shift of a number of small-scale entrepreneurs. Job shifts indicate a replacement of entrepreneurship by proletarianisation. While traditional retailing is considered as shelter for a "large number of educated unemployed and superfluous labour" (Batra, 2010), my research finds that the sector itself is on the verge of extinction in the face of free market capitalism.

The drop in the sales in traditional sector is just the start of a social and economic crisis the developing economy of WB that handles 'distributive justice' and 'neoliberal ideology' together (Khasnabis, 2008:114). It is quite obvious that the intention of profit maximisation of the giant retail chains will not be compromised by the social or economic decline of traditional low-cost livelihoods. The big capitalist firms in WB have been 'virtually' encouraged (initiated by the communist government) to achieve the bigger goal of overcoming the problems of slow economic development and unrestrained unemployment (discussed in Chapter 3). However, such an 'expedient' solution is anticipated to backfire on the economy itself unless some proper substitute provisions are made for the low-cost segments. My field research suggests that the traditional retailers themselves have developed certain resilience strategies to sustain their livelihood and avoid the forced proletarianisation. These will be discussed in the following sub-section with help of my empirical research.

7.4.1.2 Traditional kiranas: self-defence and resilience

This sub-section looks into the strategies adopted by the kirana-owners to keep pace with the transforming environment. Here, the research method investigated the psychological standpoint of resilience [as propounded by Fernandes and Chamusca (2012)] to conceptualise the ability of affected retailers to recover their situation. It suggests that the preferences of the customers are the prior conditions of any resilience strategy to retain market share; and it may vary from modified sourcing strategies to shifting of the customer-base or selling seasonal items depending on the financial ability of the retailer. Here I argue that even the stronger competitors might have to adopt certain strategies (that are conventionally implemented by the low-cost retailers) at times to capture market share and thereby narrow down the chances of survival of the weaker participants. Conversely, certain unmethodical resilience attempts of the low-cost retailers end up with disorderly use of investment capitals. On the basis of the research findings, this sub-section challenges the conventional arguments (D'Andrea, 2006; Rani, 2013) that inherent characteristics (such as locational proximity and easy approachability) of the small retailers are enough to sustain in a liberalised competitive market. Rather it argues that such traits can become setbacks to the small retailers themselves.

This research found that there is a general urge among traditional retailers to endure the livelihood struggles by themselves. REPLACIS (2011:cited in Erkip et al, 2013) defines resilience of an urban retail system as the existing system's adaptive measures performed in a defensible way to adjust itself in the transforming environment, crises or shocks that disturbs its equilibrium. Resilience is actually estimated in terms of pace of the system's return to its equilibrium (Hudson, 2010).
Fernandes and Chamusca (2012) discuss resilience from the conceptual principles of psychology and physics. The psychological viewpoint considers the competence of individual retailers to withstand the shock and to recuperate it. The other view considers the competence of traditional sector to return to its original state (i.e. to equilibrium). 'Return' to equilibrium depends on the responsive strategies undertaken by individual retailers.

As discussed, the 'shock' of greater liberalisation is more prominent on the kiranas which are apparently considered to be comparatively stable because of their occupancy of legalised store spaces. Following the viewpoint of Fernandes and Chamusca (2012) (discussed earlier), this research conceptualised the psychological endurance of the respondents. Narratives of the respondent retailers suggest that psychological resilience (in terms of enthusiasm and interests of adaptation) is very significant for the weaker participants to survive in a changing environment.

The case of Surya Adhikary (owner of a medium-sized licensed store of about 400 sq. ft.) was an example of psychological resilience that helped him to come up with new strategies that he claims to be "successful" so far.

> "It took more than 5years to realise the operational structure of supermarket chains. Initially I incurred huge deficit by losing regular customers. I think protesting against the retail chains is not a solution; rather you need to find out the alternatives to keep yourself alive…..I do have financial constraints, too….It was even worse 3 years back. I went in deep psychological depression and this kirana was about to be closed forever. The sales dropped by more than 50%. From there I came back with new aspirations. If I have to survive at any cost, then why shouldn't I try my luck with some innovative business strategies that would help me to stand out of the crowd?" (January, 2015)

Surya's energetic mind-set to pursue a reactive strategy to overcome the initial shock led him to start a cooperative-like trading structure with fellow retailers. Being a B.Com graduate with a postgraduate diploma in Management studies, he showed enough confidence to adopt a strategic plan to compete with the multi-retailing giants. He explains his "innovative strategy":

> "Big Bazar is selling an induction cooker (from the popular brand of Prestige) at INR2650 while I am selling the same at INR2450. This has been possible by mutual cooperation of a few retailers. Big Bazar purchases in bulk (say 100 cookers at a time) which is not possible for me alone. If 10 retailers approach together with the same intention to compete Big Bazar, it can be materialised. We purchase 100 cookers while each equally pay for 10 cookers. At the end of the day I can offer my customer a comfortable price, which is sometimes even cheaper than any big retail chain." (January, 2015)

This is an instance of psychological groundwork for pursuing resilience that led to the execution of materialised resilience. The extent of its acceptability among the customers can only be analysed in the long run. Besides, an induction cooker is not an item of daily or weekly purchase. Therefore, it is little hard to estimate how far this will be helpful for Surya or his colleagues to compete the retail giants with their limited financial capacities.

While Surya's coping strategy involves pooling resources, my research found some other startgies of resilience those evolved through the adoption of new or different products– a type of drive towards niche marketing.

Apurv Paswan, an immigrant from Bihar, owns a comparatively well-to-do outlet of about 400sq feet. He has modified his sourcing strategy for certain items focussing on young potential customers. For this, he travels longer distances without depending on intermediation activities.

> "…..I travel to Delhi, Mumbai and Kolkata to upgrade my stock. The common food items like health drinks or biscuits or chocolates etc. are collected from the salespersons as these

> products are from big brands. If I pick the artificial jewellery of the latest design from Mumbai, I know that I will definitely get the appropriate customers from Durgapur to buy it. The taste of the younger generation is changing and so is the buying power. Today the local young girls know that this retailer sells certain exclusive artificial jewelleries. So before the Pujas (the biggest religious festival), my store will be their first destination rather than any other store in the locality." (March, 2015)

While a group of kirana owners try to upgrade their aisles with 'exclusiveness' to stop the customers from spending at the modern retail outlets, there are some who are trying to come out of the overwhelming trend of commodification because of their financial limitations. These retailers are gradually rearranging their aisles by simply stocking the very cheapest lines from local brands.

For example, Mira Chanda who runs a 100 sq. ft. licensed store, has started to lose interest in brand names or exclusivity, as she realises that her shop is no longer the usual destination of affluent customers:

> "Who doesn't try to arrange the aisles with the best products? But budget is a constraint. Another question is the acceptability of your store to the customers. If you realise that your store is gradually losing the customers of average purchasing capacity, will you consider keeping the aisles upgraded with big brands? I maintain a miscellaneous product-base, because I have a good number of customers from lower income groups….What is the use of showcasing the expensive products if your customers are not interested?" (January, 2015)

This signifies that resilience strategies are not always necessarily influenced by any transformation trend; rather swimming against the general trend can sometimes become a way of resilience. However, thorough field research I recognised a general perception of the respondent retailers that reorganising the store format and offering advanced products and services will help to retain customers. The transformed retail surrounding has significantly increased the demands for hygiene/tidiness, reliability of product, professionalism etc. (Goswami and Mishra, 2009). Satisfying all these criteria is very difficult for a traditional kirana with a limited resource base.

Ranjit Basu, an experienced retailer of 58 years (running a licensed kirana of 220 sq. ft.) informed me that the maintenance of product ranges from renowned brands could not help him stop the well-to-do customers from visiting corporate outlets:

> "The market trend has changed in the last few years. This is not only about the product packaging and brand names. Nowadays customers look for hygienic conditions of the store, or performance and professionalism of the retailers also….If things would have been so easy

I would have never complained about losing a good share of customers because I always preferred to sell good quality products from famous brands." (January, 2015)

Photo7.2: **Sale of seasonal stuffs at an extended front yard of a small traditional kirana: A desperate resilience attempt**

Source:Author. 2014-2015

The expectation of high professionalism or hygienic standard is hard to be fulfilled at the traditional outlets which are mostly run by family labour with inadequate resources. Eventually the resilient attempts for commodification lose their directions and increase the speculative use of limited funds (as found by empirical research). Kamal Hazra was such a retailer who is yet to decide a precise resilience strategy for him. Despite being an owner of a very small low-cost kirana of 40 sq. ft. at Benachity commercial area, Kamal has desperately attempted to acclimatise himself to the current wave of commodification. He sells seasonal stuffs that are in high demand during various festivals.

> "Selling some seasonal stuffs during local festivals could have been a good alternative....I used to bring some costume jewelleries etc. before the Durga Puja (the largest festival in Hindu-dominated WB) so far; but from last year I have started to sell Christmas stuffs as everyone does these days....My experience last year was not good as I could not sell much of the seasonal stuffs and returns were not very worthy. This year I am thinking of selling the Eid stuffs (religious festival of the Muslims) also. Let's see if something turns good." (December, 2014)

This reproduces an absolute picture of commodification in a neoliberal free market that is driving the low-cost retailers to pursue certain risky strategies in terms of economic return. A handful of kirana owners are desperately following the strategies of fellow retailers without considering their own capabilities or related aftereffects (as Kamal said that he is selling Christmas stuffs because "everyone does these days").

Another set of resilience strategies include the provision of certain services that can be comparable to the services offered by the supermarkets. The introduction of home-delivery systems is one such strategy that has been adopted by some (about 26% of the respondents) kirana-owners. They have started accepting orders over the telephone or directly from the customers to cope up with the higher expectations of the regular customers who shop in bulk for their weekly or monthly groceries and other household items. Whatever the mode of delivery (walking, bicycle or motorcycle) the extra resources have to be financed by the kirana owners somehow. The narratives of the respondents suggest that despite the dearth of resources (financial and human both), they are trying to contend with the growing acceptance of online services by modern retail chains in their own way. Aseem Baishya, owner of a 200 sq. ft. licensed kirana at Benachity market, provides a home delivery service with the help of his two sons who also help him at the sales counter:

> "Home delivery service is gaining popularity among the affluent customers who can afford to order in bulk. I started taking orders over the phone and my sons serve the jobs of delivery boys using their own bicycles…..I had to take this initiative to retain those customers who can spend a good amount of money on their groceries…I never charge any additional cost for this. I have to survive in this changing environment anyway by trying anything and everything within my limited capacity." (February, 2015)

However, there are some difficulties experienced by the small-scale retailers providing this service as they often have to amend previous orders or are accused of delivering 'inappropriate' orders. Surya Adhikary shared his experience of 'harassments' regarding home delivery services:

> "The additional comforts of saving time and energy through online orders have made the situation tougher for mediocre retailers like us. Nowadays I also take orders on the telephone and quite a few times I personally deliver the ordered items….But this has created several problems. As the orders are not taken by 'click and delivery' service on websites, there remains no registered proof of customers' requisitions. I just write down manually whatever I hear over the phone. Therefore, sometimes customers disprove of the ordered items negating that he/she asked for it making me carry back the products and again revisit

> their houses with the newly ordered items. This is not only the waste of my time and energy, but also an initiation of some bitterness in relationships which I do not want at all. Sometimes a strategy to retain your customers may unexpectedly become a new cause to lose them." (January, 2015)

This indicates that the easy approachability of the small-scale retailers is one of their limitations as customers sometimes take advantage of their less formal operational behaviours. This challenges the existing literature (D'Andrea 2006; Rani, 2013) which suggests that such casual affability of traditional retailers has increased their popularity among the customers. D'Andrea et al (2006:666) advocate that the small retailers usually gains an acceptance from local customers as they make them feel 'comfortable' in a casual environment with a "personal touch". The services offered by such retailers might be very limited in comparison to those of the modern supermarkets, but the "small-scale retailers' techniques are simple yet appropriate" (D'Andrea et al, 2006:666). Rani (2013) also considers the personal attachment between the customers and traditional retailers [what Hamilton (2003:11) refers to as "emotional proximity and feeling of community"] to be a worthy resilience strategy. However, my field research finds that the opportunity of negotiation, bargaining or even credit business offered at the local traditional stores are not that popular among the retailers themselves and therefore, the traditional retailers do not approve their 'unprofessional', casual performances as an advantageous trait to reduce the risk of customer loss. Rather they pursue a realistic outlook which does not contradict a customer's personal preference. For example, Govinda Samanta, an experienced licensed grocer, does not believe that a courteous relationship can stop a customer from availing attractive offers at other stores:

> "The customer looks for the opportunity. I do not think any social bonding between the customers and the traders can work in business. A familiarity of 10 years cannot work if your neighbouring store is offering the same product at lesser price." (January, 2015)

Paresh Yadav, owner of a 100sq. ft. kirana, also finds that 'personal' association might be 'disadvantageous' for the retailer himself/herself. He is against the 'specialised' service of credit business which is often availed by some opportunistic customers:

> "I have kept credit business restricted to only a few selected customers. If I become lenient, many will come. There are some who will take advantage of the credit business even if he/she has money. You will find the same customer picking up groceries from Food Bazar with cash but making delays while paying us." (January, 2015)

Mahesh Paul who runs a 90 sq. ft. kirana at residential neighbourhood, shares similar opinion:

> "A courteous relationship between buyer and seller is nothing beyond a social relationship. If my customer in the neighbourhood is sick and asks me to call a doctor, I will definitely do that. Or he/she will do the same for me as well. But as far as his/her grocery shopping is concerned he/she will prefer to avail the best quality at best affordable price. I also would not entertain the customers who want to take advantage of social familiarity in terms of credit or bargaining." (Februrary, 2015)

Thus, the 'personal touch' or services like 'credit businesses' or 'bargaining' are not those unique characteristics that have the potential to stop the customers from visiting modern retailers. Rather my research suggests that a few of the 'specialised' services conventionally offered by kiranas, are now adopted by the modern retailers as their resilience strategies to penetrate the market of mass-consumers. The the corporate retailers are leveraging their financial and managerial potential to provide certain 'popular' services that were previously tendered by now also traditional retailers only. For example, traditional retailers can serve the exact need of a customer by selling "fractioning" products while an 'organised' supermarket (foreign/domestic) sells packaged food/grocery items of specific quantity. If someone needs 150 grams of flour (which is sufficient to serve her/his purpose) may not get a packet with that small quantity and would be compelled to pick up a 500 grams packet from the aisle of a supermarket. However, my field observations suggest that the local corporate outlets in Durgapur have challenged the traditional retailers' 'exclusivity' by offering fractioned products.

It should be noted at this point that the middle class in Durgapur is different from that in a metro city like Mumbai or Delhi or even Kolkata. The wider spectrum of Indian 'middle class' ranges from "seekers" (i.e. with annual household income between 200000 INR and 500000 INR) to "strivers" (with annual household income between 500000 INR and 1 million INR) at 2001-2002 prices [defined by National Council of Applied Economic Research (NCAER); cited in: Meyer and Birdsall, 2012]. The preferences of the "seekers" and "strivers" vary as per their purchasing power. It is already seen (in section 7.3) that the middle class in Durgapur are characterised by white collar salaried employees in the locally developed 'economic space' which is different from that of Kolkata or any other Indian metropolis. Henceforth, analysing the local context, the giant retailers are attempting to customise their offers and services to reach the local middle class whose exposure to the global economy is yet to reach an advanced stage. For example, the hypermarket and supermarkets of Spencer's and Food Bazar (Big Bazar's food and grocery section) are selling 'loose' grocery items like pulses, grams, 'besan' flour, rice etc. (i.e. without any packaging) so that customers can pick it up as per their requirement of the moment. Additionally these 'loose' products are sold at cheaper rate than the usual costs of the packaged products (see photo 7.3) and of course also cheaper than the rate offered by traditional grocers who lack the scale to earn better profits (discussed earlier).

Another publicising strategy to reach the niche of mass-consumers was identified at Food Bazar where they have arranged the 'free grinding' service of wheat on the spot (Photo 7.4). Whole wheat flour (locally known as 'atta') is grinded instantly as a free service; the customers need to pay the price of the wheat only (which again is being sold loosely). These illustrations indicate that the desperate hegemony of neoliberal capitalism leaves little scope for the sustenance for those with low-cost livelihood.

On the other hand, most of the licensed kiranas reported a fall in demand for such services. For example, Govinda Samanta, a traditional grocer with the provision of an on-the-spot wheat grinding service at a corner of his legalised 300 sq. ft. space, informs:

> "I have grinding machine to sell the 'chakki fresh atta' (i.e. grinding of wheat to derive fresh 'atta'). But its demand has gone down now. Brand names are sold today. I can guarantee that my 'chakki fresh atta' is no less quality than that of the packaged products you see on television. But who cares?" (January, 2015)

Photo 7.3 and 7.4: Giant retailers' resilience to penetrate the middle class households

Photo 7.3: Sale of 'loose' (unpacked) items at cheaper costs in modern retail outlets to serve the exact demand of the customers

1. Spencer's at Junction Mall, 2. Food Bazar at Dreamplex Complex

Photo 7.4: The free 'Chakki Fresh' service (i.e. the free grinding of wheat to derive fresh whole wheat flour) at Food Bazar (the food and grocery section of Big Bazar): Another attempt to satisfy average customers' demand

Source: Author, 2014-2015

Mr. Samanta might not be aware of the recent provision of ‘chakki fresh atta’ at the Big Bazar outlets; but his statement reflects the fact that average customers are predisposed by contemporary commodification. The increased awareness about hygiene and cleanliness seems to be another reason for the middle class’s affinity towards supermarkets. For example, I found a wide difference between the grinding services at Big Bazar’s well-organised outlet and at Mr. Samanta’s unkempt store. If the modern outlets are providing the comfort of shopping as a complete package, then why would not an average customer avail it if she/he can afford it?

‘Affordability’ also includes the expense of shopping visits. Scholarly works (such as D'Andrea, 2006) advocated that the locational proximity of traditional retail stores near residential neighbourhoods adds a competitive advantage for them. However, thorough discussions with traditional kirana owners in Durgapur suggest that physical ‘proximity’ of grocery stores is insignificant; if the offers and services at supermarkets are beneficial then, customers prefer to travel a bit longer distance.
Paresh Yadav at Chandidas market has so far been sustained by the patronage of customers from neighbourhood; but he is also experiencing loss of “moderately affluent clients”:

> “Say, the printed price of vegetable oil for a specific brand is 106INR/litre. I sell at 103/-, so does Big Bazar. But Big Bazar can offer 1 litre of free oil on 5 litres of purchase which I cannot. To avail such offers the customers do not even consider the transport costs to go to the city centre area which is about 15 minutes away from here if you take an auto rickshaw. They do not even compare the costs expended on fuel against the amount they saved on the retail bill.” (January, 2015)

From a customer’s viewpoint, it seems to be wise to spend the transport/fuel costs to hand-pick certain product offers at any one time. Moreover, middle class people with increased disposable income usually ignore the local transport fares (auto rickshaw or bus) which are considerably cheap. My personal experience in Durgapur found that it costs only 8-10 INR to travel about 5 Km in an auto rickshaw; bus fare was even cheaper at times (fieldwork in 2014-15). If an obvious expenditure like transport cost can be managed easily and a customer has convenience in terms of time also, then the ‘convenience’ of neighbourhood stores no longer plays such a significant role.

Retailer Govinda Samanta realises from his experience that the costs of fuel/transport is a “secondary issue for middle class customers”:

> "Today almost each middle class household has at least a two-wheeler. Besides, the service of auto rickshaw is quite good in the city. If you can afford the minimum fuel cost and can manage enough time to avail the offers at supermarkets then why would you think of coming to us?" (January, 2015)

Therefore, the growing affluence of the middle class is actively fostering the growth of corporate investments, signifying diminishing patronage for local traditional kiranas who used to be the main provider of monthly groceries of the average middle class.

This sub-section suggests that the focused approaches of the giant multi-brand retailers to penetrate middle class households are indirectly belittling the conventional resilient strategies of the small retailers, leaving little room for them to sustain their market shares. The instance of more than 50% of drop in sales in about 63% of kiranas (covered during fieldwork) shows the precarious consequence of corporate expansion on the socio-economic persistence of small/low-cost entrepreneurship. The narratives of the respondents, along with thorough observation at the local retail stores (both traditional and modern), suggest that the modern retail chains are intensely attentive towards the prevalent middle class demands. The sale of 'loose' grains/pulses or provision of wheat grinding service at a corporate outlet indicates the desirous attempts of giant retailers to take over the major market share. On the other hand, resilience adopted by the low-cost retailers is less focused at times. The kirana owners, being positioned in the middle of the retail maze between corporate retailers and informal street vendors, have lost any specific niche for customers. They can neither retain the upper and middle middle class customers who get attracted towards modern retail pattern, nor can they depend on the lower income groups who characteristically practise small purchases as per their limited spending power. As a result, this group is facing serious livelihood struggles. This is causing a growing dissatisfaction of traditional retailers (with legalised store space) against their counterparts on the street. In next section, however, I will discuss how informal retailing on the street is not beyond all struggles of sustenance despite not reporting any significant customer loss due to the retail transformation in Durgapur.

7.4.2 Informal retailing on street: A socio-economically marginalised activity with a perennial apprehension of insecure spatial existence

7.4.2.1 Impact on sales after the entry of big corporate players

This sub-section argues that the business of street vending with semi-permanent or mobile establishments has remained least affected by corporate retailing. Research findings suggest that specific "signature" products and services of such retailers has helped them to maintain a distinctive customer niche keeping them clear from competition (not only with the modern organised retailers but also with the traditional kiranas). My field research identified a characteristic monopoly for informal traditional wet markets, a significant share of which is run by unlicensed street vendors challenging the tough competition from the giant supermarkets. However, at the end of this sub-section, I argue that the insecure spatial existence of this traditional segment is the crucial challenge for their sustenance. This argument will be continued in the following sub-section (7.4.2.2).

Informal street vending in Durgapur has its own characteristics with a distinct domain of customers for which the effects of modern retailing is less important, as far as impacts on sales is concerned. I found them either near to the customers' workplace or/and residences or at a nodal location where passing customers are abundant (such as near a bus terminus, railway stations etc.). These outlets are disorderly arranged presenting less tidy physical appearance. The shops may range from small corner kiosks, mobile vans to sellers on the footpath often even without any semi-permanent arrangements. However, the physical proximity to the customers is a significant characteristic of such outlets. Interestingly, even the pavement stalls specifically located within the vulnerable radius (sometimes even less than 100 metres) of the supermarket outlets or shopping malls did not report any significant loss of customers due to ongoing transformation.

The outcomes of my field research emphasise that street vending has built-up its own domain in which they serve effectively in a parallel channel with their counterparts within the traditional sector itself. The product and services are specifically meant to support the small daily purchases. The assortment of inventories depend on the nature/type of the shops as retailing on footpath incorporates trading of a good range of products that may include general groceries and merchandise to food and drinks to fresh vegetables, fish etc. My research shows that this informal sector has developed an in-built resilience within their operational and locational strategies by way of their nature of their business that has kept them away from any direct competition with the modern supermarket chains. In most cases, street vending does not impose any liability of tax payments. Also some additional savings are managed on certain general expenses which are much higher for the established kiranas. For example, the expenses on essential utilities (such as electricity, water), security and cleaning services etc. are much less as these are often run as open-air outlets. Even if it has some semi-permanent shelter, the outlets are very ‘drably’ run with low illumination and the questions of expenses on equipment like freezer etc. do not arise.

Interestingly, a section of street retailers were found to be content with the changing retail environment and customer behaviour, as increased shopping visits to prime organised outlets of the city has indirectly increased their sales, specifically for those who are involved in the sale of food and drinks.

Photo7.5: **A corner Kiosk (‘gumti’) at the City-Centre bus terminus, Durgapur**

Source: Author, 2014-2015

Bimal Pal runs his shop on wheel, exactly opposite the supermarket outlet of Big Bazar (that too in the heart of the city) and sells fruits and fruit-juice along with some typical street food and unbranded drinks prepared by him. Bimal was least bothered about retail transformation until the “signature” of the saleable items is maintained at “lower cost”:

> “This Big Bazar is a kind of boon for me. The shoppers come to visit my stall as soon as they finish their shopping. Food Bazar can never offer you the ‘lassi’ (a yogurt-based drink) or orange juice just at 10INR. Moreover, the ‘chaat’ (famous street food in WB) I serve has its own signature. You can only get this taste at the street-stalls paying a nominal price.” (March, 2015)

The reaction was more or less similar for the owners of corner shops/kiosks (locally called ‘gumti’) specifically famous for selling ‘paan’ (i.e. betel leaf) and ‘bidi’ (i.e. small, thin, hand-rolled cigarettes containing tobacco wrapped in tendu or temburni leaf) along with a limited stock of daily grocery items and food. Most of these gumtis are unlicensed (as informed by them) and ubiquitously located near the bus terminus, around the localities dominated by offices and also around the big retail outlets. These kiosks specifically satisfy the limited just-in-time needs of passing customers such as the office goers, bus passengers and other pedestrians. Ratan Samanta, owner of a kiosk of 10 sq. ft. near the bus terminus at city-centre clarified:

> "Do you think a pedestrian will enter Food Bazar to buy a packet of cigarette or a packet of biscuits? I just serve the flying customers in a very small scale. People never come to such corner shops to purchase their weekly groceries." (March, 2015)

Alak Singh, another unlicensed retailer (running a 10 sq. ft. gumti) reacts neutrally against the supermarket expansions:

> "My business is running in the same way as it used to run 5 years back. There is no point to compare between modern retailing and the kind of business I run…It is just an effort to keep my family breathing within my limited resources. I hardly have any steady regular customer…Say, an office-goer stops for a while to buy a cake or cigarettes.…I neither have that investment capacity to keep the stock for his monthly groceries nor he would even ask for that…Why I should bother if the big retailers come to the city." (February, 2015)

Such corner kiosks keep out of the 'competition' with the modern retail chains as their customer niche is mostly built up by transient consumers and types of services are too restricted to be compared with those of the corporate giants. However, all informal semi-static or mobile retailers do not provide such specific products/services; e.g. the street vending of fresh foodstuffs (like raw vegetables and fishes) are equally significant in terms of customers' choice as any supermarket. Raw food is more or less a subject of daily purchase irrespective of the purchasing power of local customers as they intend to maintain a fresh and healthy diet. Accordingly, vegetable or fish vendors at street stalls do not have any distinguished niche of customers. My empirical observation in Durgapur goes in line with the case studies on retail transition in China and Mexico where the low-cost 'wet market' sector gave the toughest competition to the expanding supermarket chains due to the high popularity of small fresh food retailers (Humphrey, 2007). In fact, licensed and unlicensed fresh food wet markets together build up a distinct small-scale retail segment which is assertively participating in the 'competition' with the fresh food segments of corporate retailers.

Ramesh Patra, a financially constrained fish retailer with a 10 sq. ft. area covered by plastic sheet on footpath, informed that the share of spending on traditional fresh food segment remained "same as before" for almost all customers:

> "I have gained reliability over the years for the fresh fishes I offer. I did not realise any reduction in sale after the emergence of these giant retailers. Rather a few of my steady customers who visit the supermarkets regularly say that they prefer to buy fresh fish from the retailers like us." (February, 2015)

Therefore, the shopping behaviour in this segment of traditional retailing is not always characteristically comprised of lower-margin items and lower purchases. Food and drink peddling and fresh raw food vending are significantly drawing revenue from a good share of supermarket-bound customers. On the other hand, small gumtis or other street vendors (with general grocery merchandises) have their own operational territory that is absolutely meant to cater to the daily just-in-time needs and demands for low-margin grocery items. Thus, informal street retailing is effectively running on a parallel track which is not involved with the battle for customer share with the highly organised modern retail formats. However, these retailers withstand a hostile working environment as most of them lack the minimum security of any authorised existence. This issue is discussed in the following sub-section along with their survival strategies.

7.4.2.2 Occupancy of space and existential insecurity: Practice of daily resilience by traditional informal semi-static or mobile retailers

In this sub-section I argue (following Roy, 2009) that the abundance of informal street vending is the result of conscious 'deregulation' of the state and local administration to pursue a tactical "resource allocation" for the urban poor. In line with the existing literature (Anjaria, 2006; Anjaria, 2011; Mander, 2012), my research also argues that a ceiling on the issue of licenses for street vending has widened the scope of corruption at the local administration level as the low-cost retailers sometimes 'negotiate' their existential security at the price of bribery. It explores that such illegitimate spatial existence of the informal street vendors has provoked a general resentment among their licensed colleagues (i.e. kirana owners) who perceive them to be "fake retailers". On the other hand, the street retailers themselves were found to survive with an apprehensive mind-set as they are always unsure about their existence a day to day basis. These retailers (specifically those dealing with perishable items) have developed a daily resilience (often compromising with profit-margins) with supplementary selling strategies to avoid the wastage of surplus perishables since they lack any storage facilities due to absence of material space and limited funds. Towards the end of the the sub-section, I argue that the unaccommodating infrastructure has compelled this group to survive in a compromised fashion.

The anxiety of existence in terms of material space is a critical issue in traditional street vending. It raises questions over government policies and infrastructures to protect low-cost marginal livelihoods. The abundance of unlicensed footpath retailers in the city suggests the prevailing presence of the informal economy in the retail sector indicating ‘deregulation’ of the local and state government. This ‘deregulation’ can be perceived as a “calculated informality” that is a common feature in the growing Indian cities (Roy, 2009). “System of deregulation can be thought of as a mode of regulation” as the apparent withdrawal of government’s regulatory power involves a rational tactics of “resource allocation” (Roy, 2009:83). The ubiquity of open-air retailing in Durgapur is also alleged to be the consequence of ‘deregulatory’ practice of the local authorities.

Consequently, the incessant growth of informal street vending in Durgapur has induced a general dissatisfaction among the local kirana owners who mostly run licensed stores with legal status. Surya Adhikary, a licensed kirana owner accuses the government being “inattentive” towards the “actual problems” faced by the small kiranas due to the “illegal growth” of street retailing in Durgapur. Surya perceives the street vendors as “fake” retailers who are the “key rivals” to the kiranas rather than the modern supermarkets. He says:

> “If problem is somewhere, it is within the system itself….We pay tax, bearing the VAT, professional taxes and everything. These consume up our profit. But can you stop the illegitimate business on the footpath? They are in a real advantageous position making profits without bearing any establishment cost or taxes. But the government is indifferent.” (February, 2015)

This indicates that the licensed kirana owners develop a strong sense of identity and space. It indvokes a conflict of interests between these two groups of retailers and the state. The informal expansion of low-cost street retailing has become an essential feature of the urban economy as this provides a livelihood for the urban poor (Sanyal and Bhattacharya, 2009). The governance of such encroachment is not undertaken by the local municipal authorities; rather the street vendors are unaware of any zoning ordinances. Yet, street vending in India is not essentially always an “illegal” activity. Licenses are issued to the street vendors/hawkers to restrict the growth of illegitimate businesses and also to protect them from the unwanted harassment of police or some other powerful local individuals (Ravikumar, 2012). The notion of licensing for informal street vending was pursued by National Policy on Urban Street Vendors to allocate space for open-air outlets and to collect taxes on a monthly basis (Ravikumar, 2012). However, the ceiling imposed on the number of licenses in a city has kept the entire system "opaque" to the majority of the street vendors (Mander, 2012). For example, in a city like Mumbai where street hawkers are more than 200,000 hawkers in number, the ceiling of licensing has "arbitrarily" been fixed at 14,000 (Mander, 2012). Schindler's (2014:P406) empirical research in Delhi also suggests that the process of obtaining a license from the Municipal authorities is "essentially impossible" for a street-vendor. Even after license regimes, the situation has hardly changed in Kolkata where street hawking was a "cognisable and non-bailable offense" (Mander, 2012). The licensing system for street hawkers has become an irony itself that fails to protect the interests of the majority. Rather, bribery to local administration and municipalities is a regular resilience for street vendors to negotiate the issues of illegal consumption of space in most of the Indian cities (Anjaria, 2006; Anjaria, 2011; Mander, 2012). In Durgapur, I found this issue to be prevalent. More than one third of the licensed kirana owners accused the local municipal authority for its "silent indulgence" on the growth of low-cost retailers on footpaths. Such 'illegal' growth of retail businesses brings out an ethical conflict among the licensed kirana owners who think paying taxes makes no sense unless the government solves the basic problems related to traditional retailing.

Kirana owner Surya Adhikary shared his opinion:

> "Who would not evade the taxes if the government itself leaves some scope for that? First they need to sort out the problem of this unorganised haphazard system, then I would bother if corporate competitors are harmful to me or not. If I am paralysed by the local impediments, I do not even want to take the tension of the uneven competition from giant supermarket chains whether domestic or foreign". (February, 2015)

Thus street vendors in Durgapur are presently facing a common revulsion from their counterparts within the traditional sector. While socio-political and economic controversies are built up around the insecure future of the traditional retail trade (because of the bigger issues like FDI in multi-brand retailing), a significant section of the kirana owners (with confirmed legalised existence) is considering the ubiquitous 'illegal' activity of street vending to be a bigger threat. It evokes a conflict of interest between two groups of traditional retailers (kirana owners and street vendors) due to the conscious deregulation of governmental/legal parameters indicating a wider socio-cultural conflict. Moreover, since the purposive deregulation/relaxation of state and municipal laws to provide livelihood options to the urban poor does not have any legitimate base, the future of low-cost street vending is increasingly uncertain.

Roy (2003) argues that raiding of 'illegal' street markets and confiscation of inventories by the municipal authorities is quite usual in India as the vision of 'world-class cities' often induce the authorities to restrict illegal encroachments. The larger objective of a liberalised retail market involves the emergence of modern outlets along with gigantic shopping malls. Consequently, increasing demand for material space does affect the existential security of the street vendors who are vulnerable of eviction from the 'illegally' possessed public space.

My research intended to find out the security of the street sellers in terms of material space against the backdrop of the changing retailscape of Durgapur. I found that the retailers on footpaths run their businesses precariously without having any certainty of existence even for the next day.
Asit Bishayee, an unlicensed vegetable retailer occupying around 14 sq. ft. area on footpath was 'desperate and helpless' simultaneously:

> "Footpath is ideal place for me as I do not have to spend a single penny for rent or establishment costs to run the business. Further, I do not have that confidence to take bank loans for any permanent arrangement as the loan repayment would be an additional struggle in my life. If DMC (Durgapur Municipal Corporation) tries to evict me from the footpath, I will relocate to some other place….may be to some other neighbouring locality….if anything goes wrong like that, will see in future. For now, let it run as it is running." (February, 2015)

Occupancy of a certain sq. ft. area within public space without spending a "single penny" seems to evoke another controversy about inexorable use of community property without caring for the convenience of others. However, the research finds the reality to be different as the majority of the respondent street vendors preferred to remain silent about their strategies to hold the occupancy of the space. This was not a simple process of displaying the inventories at a specific sq. ft. area anywhere in the city. In reality, I found that they have developed a sense of place that demarcates their retail 'space' and also the spatial schedules. The parameters and conditions of such delineations seem to be determined through informal channels. The respondents were too conscious to give any statement on this issue. For example, Bijoy Addy, a vegetable vendor on footpath conferred an indirect hint about their informal 'negotiations':

> "It is quite understandable what you have to do to occupy the footpath. Isn't it? Everyone knows how we survive." (February, 2015)

The examples of political 'negotiations' of the informal street retailers in India has been found in several scholarly works (such as Chatterjee, 2011; Jha et al, 2007). This research found such 'negotiations' quite usual and the retailers are also somewhat familiar with these 'mutual settlements' with local political cadres and administrators. Amal Seal, a retailer operating within a delineated area of around 14 sq. ft., was keen to indicate their socio-economic vulnerability as far as material space is concerned:

> "Of course I spend money to retain this much space. Now whom to pay and how much to pay might evoke a controversy and I might not be allowed here tomorrow to run my business. The local police station is also aware of this....If you go to a big city like Kolkata, you will find the same thing on the streets". (February, 2015)

Amal Seal's opinion on 'negotiation' suggests that the intentional deregulation of formal protocols does not indicate any provision of absolute sustenance. On the other hand, the consequent existential vulnerability of these retailers is also well-known to the government and administrators. Then a key question is who will be responsible for the livelihood of these people if the issue of 'illegality' is threatened suddenly by the state itself [as exemplified in Roy's (2003) work]? Undoubtedly this is the reason why the street retailers opt for 'negotiations' with dominant powerful groups who control the spatial delineations and spatial routines in exchange for money. Such disorderly sustenance of informal street vending replicates the state's failure to provide a sound infrastructure to protect the superfluous urban workforce. If the state is opening up the channels for corporate investments in the retail sector, it should also consider the susceptibility of traditional retailing on which a significant share of indigenous workforce is dependent. In Chapter 3, I discussed the WB government's policy to solicit the mall-developers to secure 10% space for the 'unorganised retailers' (D&B, 2013). A discussion with the Secretary of Hawkers' Union at Durgapur city centre revealed that there is no evidence of such provision from the government's side until now.

The daily uncertainty of street vending makes the street vendors manage inventories on a day-to-day basis. Most of them usually carry back their unsold merchandises, while the gumti owners maintain a lock and key system to keep the inventories safe overnight. However, inventory management is a little more difficult for the street vendors selling perishable items. Lack of space and thereby lack of refrigeration or freezing equipment produces an elongated operational strategy that involves effective networking at both ends of the supply system (i.e. sourcing and selling). The urge of sustenance by avoiding the obvious monetary loss, has led many of them to sustain a regular contract (mostly informal) with the nearby low-cost restaurants/food stalls (locally called 'pice hotels') who buy the leftover perishables. The arrangement of 'surplus sale' helps to avoid the cost of storing.

Ramesh Patra (an informal fish retailer occupying 12 sq. ft. area on a footpath) informed me that he sells out the surplus fishes to low-cost food stalls as he lacks any refrigeration provision:

> "I generally purchase an estimated quantity that would be sold out on the same day. If something remains unsold, I usually sell it to the local low-cost 'pice hotels' at the end of the day or I travel with the motorbike to sell them in some residential neighbourhood…And no wonder in such cases my profit-margin drops significantly. Sometimes even I sell at the rate I paid to the wholesaler, rather than letting it get wasted. Otherwise I have to buy ice from the ice factory incurring additional costs to keep the fish fresh till next morning….But if the fish is costly and of exceptionally good quality or of some rare variety, sometimes I bear the costs of refrigeration because selling it next day would help me to earn some profit." (February, 2015)

The same policy is taken by certain vegetable retailers also. Asit Bishayee and Bijoy Addy both are vegetable retailers on street, associated with such 'pice hotels' to clear the leftover stocks. Bijoy Addy informed me that piling up the leftovers with the next day's fresh products is a common practice if the surplus items are not sold to any 'pice hotel':

> "Sometimes the estimation of daily sale does not work and the leftover vegetables cause significant losses. For example, I brought 20Kgs of aubergine and 5Kg. of fresh spinach leaves this morning. It is almost 4pm now and I could manage to sell about 8Kgs of aubergine and 2 Kgs of leaves. The whole quantity is not expected to be sold before 6:30-7pm. I will pile it up with the tomorrow's fresh products if not perished as I do not have the provision to store them in bulk. Sometimes I sell the leftovers to the local 'pice hotels' if I anticipate them to be rotten by next morning. Selling of leftovers does not help me to earn good profit as the buyers are also aware that I am selling these on compulsion." (February, 2015)

Thus, they are managing the supply systems within their own limitations; in fact the regulatory inability is mainly due to their financial and spatial constraints. For example, the wastage of products or selling of the perishable residuals at nominal or no profits is the result of their incapability to afford refrigeration. On the other hand, they are consciously dependent on the middlemen ('aratdars' of wholesale markets) ignoring the higher purchase costs. Consequently, despite their hard work (15-16 hours a day) these low-cost street retailers barely manage to earn good profits.

This sub-section suggests that informal street vending is inherently a precarious livelihood. On the one hand, the tax-payer kirana-owners have a distasteful attitude to the "illegal" street retailers. On the other hand, they are stuck between the license issuance restrictions and conciliation of the local administration and political cadres with bribery to retain their material space. While the investments from large corporations are encouraged to change the retail landscape, the street vendors are struggling for their existence within the same sector. It points out the intrinsic weakness of the infrastructure that adopted 'deregulation' policy for the urban poor to find their livelihood by running open-air retailing. Although the research did not find any impact on sale of these retailers upon expansion of corporate retailing so far, it anticipates their social and spatial vulnerability can expose them to a livelihood crisis at any point of time in the future.

Therefore, within the traditional sector, each sub-segment is distinctively affected by the expansion of free market capitalism. The following section will sum up the findings discussed so far.

7.5 Conclusion

This chapter suggests that neoliberal approaches for retail expansion have affected different segments of the retail sector in diverse and divisive ways. While the state has imposed a ban on foreign multi-brand retailers to safeguard the small-scale traditional retailers, the research findings point out the precarious working conditions within the traditional sector itself due to the expansion of the domestic retail giants and infrastructural inefficiencies. This raises a serious question against the basic ideology of the current political-economy of WB. Investments by modern retail companies were invited by the communist government to 'accelerate' the retarded economic growth. Since then large corporations have entered the state and the recent influx of investment in multi-brand retail sector has drawn attention towards the worsening condition of the traditional retailers. The current WB Government has kept the decision of whether to encourage FDI in multi-brand retailing at bay since 2011; but how far have measures been taken to protect these vulnerable groups from the impacts of home-grown neoliberalism?

The analyses of research findings identified different levels of livelihood struggles and attempts at resilience for different types of traditional retailing. Such resilience attempts are pursued by the retailers themselves without any aid from the state. For convenience, the study split the analysis into two halves on the basis of an internal conflict that has developed around the traditional sector on the basis of occupancy of legalised retail space—established kiranas and street vending, each having discrete operational procedures with separate niche of customers (though overlapping was not unusual). The legalised store owners have been affected most so far. More than 60% of licensed kiranas reported to have experienced 50% drop in sale in the last 5 years. The severity of customer loss was so high in this sub-sector that many of them are thinking of joining some salaried job where is available; because the current situation of a less responsive market has made them aware of the precarious future of their livelihoods which are too hard to sustain with such limited investments and ‘unprofessional' traditional methodologies. The disadvantageous economies of scale in procurement have made the traditional retailers’ product prices higher at times; while the vertically integrated supply chains, focussed pricing and managerial strategies of modern supermarkets have helped them to capture more of the middle class market.

The concept of retailing has also changed in this era of commodification. The increased awareness about hygiene, quality assurance and also professional expertise has intensified the struggles of traditional retailers who run businesses with inadequate financial and human resources. Additionally, they have to bear certain utility costs and associated taxes for their legal establishments. Despite all livelihood struggles these retailers continuously try to adopt certain resilience strategies that would help them to survive the competition. However, due to a lack of financial, managerial and intellectual support, the resilience strategies do not always come up with good results.

On the contrary, the corporate retailers are adopting certain specialised and ‘popular’ services that used to be considered as ‘exclusive services’ of the traditional sector. For example, selling of ‘loose’ grains to satisfy the exact demands of customers or instant free grinding service of whole wheat etc. are the typical facilities newly adopted at modern retail outlets in Durgapur. This suggests that the success of modern retailers also owes to proper research and market surveys to realise the best and preferred services to its local target niche. As an obvious consequence, the resource-poor traditional retailers, who are primarily dependent on their day-to-day experiences, cannot keep pace with the transformation process. Therefore, the counter-resilience from the giant players indicates their intensive attempts to capture the local middle class market exposing the traditional kiranas to further livelihood struggles.

‘Illegal’ sectors of street vending rarely experienced any remarkable drop in sales as their niche of customers and pattern of business do not compete with those of the corporate retailers. However, they continuously struggle for spatial existence by conflicts with the local political cadres and municipal authorities as they do not have any authorised identity. All these issues are consciously ignored by the state administration. Roy (2009) considers this to be “calculated informality”. If the ‘deregulation’ of informal economic activities is a ‘calculated’ method of the government to provide scope for a group of unemployed people to find a livelihood, then why do these retailers have to bribe the local administration or pay “rent” (rather backhander) to the political cadres for sustenance? I have discussed the WB government’s initiative to ask the mall-developers to secure 10% space for ‘unorganised-retailers’ (D&B, 2013). This is also yet to be executed from the government’s side; while the shopping malls and supermarket outlets are occupying the retail space of Durgapur (as known from the Secretary of local Hawkers’ union).

Fresh food retailing (raw vegetables, fish etc.) has remained the safest segment irrespective of their ‘legalised’ or ‘illegal’ status showing a steady maintenance of its customer-base. However, this does not reflect any livelihood security for traditional ‘wet markets’. Reardon’s observation (2005) concerning in retail markets of developing economies suggests that the fresh food segment (e.g. vegetables/fruits/fish, dairy/poultry-products etc.) is also not free from the penetration of the corporate retailers; rather it the last segment which is affected after the processed, non-processed and semi-processed food and non-food segments respectively. The strategies the giant retailers have adopted so far to target the middle class niche (examples discussed earlier) have already challenged the conventional ‘exclusivity’ of traditional retailers. My observations at the local corporate outlets indicated an initiation of promoting their raw food too. In future, this may affect the low-cost fresh food retailers. Additionally, this specific sub-segment is always socio-economically vulnerable as the majority of the fresh food retailers lead an ‘illegal’ livelihood pursuing mutual “settlements” with non-state actors.

Thus the sustenance of traditional retailers is doubtful in various ways in a ‘progressive’ retail-structure which is gradually being shaped by corporate capital. While the kirana owners with legalised retail-spaces are struggling to sustain their economic and social existence, the street vendors are unsure about their existence on the next day.

On the one hand, the “opaque” licensing policy for street vendors has become a mockery of itself. On the other hand, despite having a legalised existence the licensed kirana owners are significantly affected as the corporate retail chains is expanding aiming at the middle class market. Additionally, a significant part of the lower middle class is served by street vendors most of who neither have any legalised identity to run a business nor have any liability to pay taxes. Therefore, the traditional kiranas can hardly find any target niche that can be essentially served by them. This intensifies resentment against the profession of street vending and also indicates a growing dissatisfaction against the government who consciously overlooks these issues. While the ‘vulnerable’ future of traditional retailing (in a corporate regime) has drawn attention of the scholars and political and social activists so far, this research, thus, brings out a new issue of socio-cultural imbalance even leading towards a possible structural violence within the traditional sector itself.

From this chapter, it can found that the small and marginal livelihoods are extremely vulnerable to dispossession in a 'progressive' liberalised economy. Some liberal literatures (discussed earlier) argued that supermarket expansion is favourable in a developing economy from the perspective of the creation of new jobs. But how many vacancies can be enough to provide employment to a huge number of former retailers in a city like Durgapur where traditional retailing is a frequent way of livelihood for the urban poor. This will create a group of dispossessed and displaced labourers. My field research found that honest struggles of traditional retailers to continue with their entrepreneurship. Therefore, the replacement of entrepreneurial status by a forced proletarianisation might not compensate for the economic and psychological losses of the small-scale retailers. The resilience attempts by the small traditional retailers (in both the sub-segments) make us wonder if the sector is indeed in the phase of decline or it is a state of transition towards a complex business pattern to maintain a sustainable co-existence with the corporate retailers. At this point of time, the government needs to implement certain strategies that would help the low-cost retailers to sustain in the changing set-up with a secured livelihood.

In both empirical chapters (chapter 6 and 7) I find that the livelihood precarity in small-scale sectors is an obvious outcome of a neoliberalised economy. Both the chapters argue that neoliberal 'remedy' of economic development leads towards proletarianisation and dispossession at the cost of sovereignty of indigenous workforce that sustain on very limited capital. It evokes the crucial necessity of government support to rebuild its infrastructure for the sustenance of low-cost entrepreneurship in a highly liberalised economic environment.

Restrictions/control on the spread of modern retailing to regulate the competition might not be effective as restrictions are usually imposed on large stores while modern retailing comes in various formats (from hypermarket, supermarket to convenience or neighbourhood stores) (Reardon and Gulati, 2008). The upgrading of traditional markets (under municipal or national umbrella) has experienced success in Asian countries such as Hong Kong, Taiwan or Singapore (Reardon and Gulati, 2008). But in WB (in India as a whole), the implementation of this will be very challenging because of the extremely fragmented and ubiquitous nature of traditional retailing which incorporates innumerable unlicensed outlets and street vendors.

My findings (in chapter 5, 6 and 7) suggest that a thorough review of the existing supply chain can help to overcome infrastructural difficulties caused by middlemen interventions. The traditional procurement system (for both farm and non-farm products) is one of the primary weaknesses of the low-cost retailers. Several tiers of middlemen between original producers and retailers increase the product prices due to the mark-ups at each level of intermediation (examples were cited in Chapter 5 in the context of agricultural products). The reconstruction of the supply-system, along with upgradation of the wholesale market, can help the traditional retailers to obtain the required products at reasonable prices. This in turn will reduce retail prices enabling them to retain their market share to some extent. Simultaneously, it will also benefit the farmers (as discussed in Chapter 6) eventually increasing the agricultural revenues of the state.

In the following chapter, I will sum up the research outcomes to provide a comprehensive understanding about the divisive and diverse impacts of free market capitalism on the different small-scale sectors of the economy.

Chapter 8: Conclusions

8.1 Introduction

India's shift from the path of Fabian socialism to the adoption of neoliberal strategies of economic development encouraged large-scale foreign and domestic corporations to operate freely within the nation. This has been argued to have initiated an "internal colonisation" that de-couples the low-cost livelihoods from the process of 'development' (Bhaduri, 2008:13-14). This thesis is, therefore, an attempt to empirically explore the impacts of free-market capitalism on small-scale entrepreneurs who survive on a very limited resource base. In the preceding chapters I presented discussions of my research findings in West Bengal (WB), India. In this chapter, I will look back to those outcomes to provide an inclusive understanding of the livelihood issues in different small-scale economic sectors in a neoliberal economy.

Next I present a brief lay out of the chapter which is divided in several sections. First, in section 8.2, I provide a concise overview on the contextual background to recognise where the research is located theoretically. This section also helps to recap the research aims and objectives. The following two sections (section 8.3 and 8.4) summarise the general findings and conclusions of the empirical research. In section 8.5, I discuss the potential solutions that could be helpful in solving the current difficulties experienced by the small-scale economic sectors in WB. Finally, I could discuss the scope for further research in relation to the current findings.

8.2 Locating the research and recapitulation of the research aims

A thorough review of the literature builds up a sense that neoliberal approaches to economic development are not only about the expansion of 'free-markets' to provide a level playing ground for all participants. Rather it creates a congenial environment for the large-scale corporations, while the low-cost workers are exposed to further economic and social vulnerabilities as their livelihoods fail to fit into the framework of free-market capitalism. Therefore, the theoretical abstraction of neoliberalisation basically centres round Harvey's (2007a) argument of "accumulation by dispossession" which emphasises the cumulative concentration of capital in the hands of the large-scale corporations at the cost of petty livelihoods.

My research, therefore, has explored the consequences of the encouragement of neoliberal strategies of economic development in a developing nation like India where small-scale and low-cost livelihoods significantly contribute to the GDP. Specifically I selected the regional state of WB considering its complex political-economic trajectory that has always combined the contradictory ideologies of 'distributive justice' and neoliberal economic policies. Small-scale entrepreneurship in farming and non-farming sectors has developed under government patronage (specifically during the Communist regime between 1977 and 2011), considerably contributing to the state economy. On the other hand, a steady decline of the industrial sector induced the growth of informal economic activities with indirect (but intentional) support of the government. Subsequently, to recover from economic decay, WB also went through the neoliberalisation process by encouraging free market capitalism (after the late 1990s) under the rubric of a "level playing ground" for all players (Khasnabis, 2008:114). My research project, therefore, has looked at how far the resource-poor 'players' of the developing economy of WB have been able to sustain their livelihoods in a transforming environment that is primarily driven by the power of capital. I have considered the various facets of neoliberal approaches — both from international and domestic sources — across different small-scale economic sectors.

The thesis has specifically focused on the impacts of expanding neoliberal economies on the small-scale farming and small-scale traditional retailing sectors — as these are the highest employment generating economic sectors in the state.

A. The thesis aimed at exploring the ways in which the livelihoods in these sectors have been affected due to the expansion of large corporations. To meet this aim I asked a series of questions:
   - What are the basic features and roles of both formal and informal credit channels in shaping the livelihoods of small farmers?
   - What happens when farmers get involved with a multi-national corporation procuring their products by contract?
   - How are small-scale traditional retailers and street vendors affected by the advent of corporate retailing and what resilience strategies do they adopt for survival?

B. More broadly, my research aimed at exploring the changes in small-scale livelihoods caused by the introduction of policies close to the global neoliberal mainstream.

On the basis of my research findings, I argued in this thesis that the impact of the encouragement of mainstream neoliberal economies in WB has been both diverse and divisive for small entrepreneurs. In the following sections, I summarise the conclusions in relation to both the farming and retail sectors.

8.3 Corporatised farming and small-scale farmers: An impasse between economic security and losing of sovereignty

For researching the impacts of neoliberal capitalism on the small-scale farming sector in rural WB, I selected Rukminipur — a village in Bradhaman district — where the farmers have been involved in new contractual agreements with PepsiCo India (the Indian branch of the multinational corporation PepsiCo). However, a thorough analysis of my empirical findings suggests that the local farmers have certain livelihood struggles — with or without any exposure to the neoliberal intervention. This struggle is indeed caused by certain shortcomings in the infrastructure. The small-scale farmers survive with very low investment capacity. A severe lack of better investment sources — specifically formal institutions — has intensified the crisis with a chain of unfavourable consequences that eventually hamper the agricultural revenue of the state. Additionally, the state has failed to provide any favourable marketing infrastructure so far.

I particularly found that informal lending has overwhelming control of the financial and agricultural marketing systems at the village level, reproducing an exploiting capitalist supremacy though at a smaller scale. The heavy dependence of the small and marginal farmers on the informal lenders — locally known as aratdars — has made the farmers totally dependent on them. Most of the farmers (as the majority of them are from small and marginal categories) are thus compelled to sell their products to the aratdars to repay their loans. Subsequently, the dependence on aratdars has become an obligatory trade-off for agricultural marketing for the farmers, irrespective of farm sizes (even for farmers who are not financially dependent on aratdars). The informal lenders are thus gatekeepers for all farm products. Moreover, the existing supply network is further complicated with multiple levels of intermediaries other than the aratdars (discussed in detail in Chapter 5). Therefore, the farmers' financial deprivation has basically kept them submissive under the existing system which in turn intensifies their financial and social vulnerability. As a result, the farmers are too susceptible to endure even the market fluctuations that often leave them bankrupt in a single production cycle — especially in the case of capital intensive products like potatoes which require higher investment credits (discussed in Chapter 5). Hence, even the production of a market-oriented crop can only help the farmers achieve some financial gains occasionally.

I have argued that the precarity of small-scale livelihoods in the farming sector is an inherent problem irrespective of any exposure towards neoliberal economies. The inefficiencies of the existing infrastructure has indeed kept the small and marginal farmers financially and socially suppressed. I endeavoured to find out if greater vertical integration of these farmers with the large corporate firms could bring any change to their current socio-economic status.

My findings in Rukminipur suggest that corporatised farming has become a crucial ‘remedy’ for the local farmers to remove the financial struggles related to investment capital and market uncertainties. The potato growing venture of PepsiCo India in Rukminipur is indeed potentially helping the investment difficulties by providing essential farm inputs. It, in turn, helps to reduce the overwhelming dependence on informal creditors. I found that local farmers consider the provision of inputs and machines by PepsiCo as a main production credit. Provision is derived straight from the contractors within a pre-arranged agreement. The repayment of this ‘credit’ is adjusted with the pre-determined price rate of the specified agricultural output (under contract). In return, their crops are insured against market swings and the ‘premium’ is imbibed within the quality of the product. However, parts of the contract have created a psychological stress among the farmers. For example, product rejection is a common practice by PepsiCo if the product does not meet the prescribed ‘standards’. Therefore, often the estimated profit does not match the actual amount received because of the ‘unsatisfactory’ quality of the outputs. The farmers’ anxiety over crop refusal often outstrips the anxiety over market uncertainties that they used to experience before they came across PepsiCo contracts. Despite this problem, small farmers have accepted the corporatised farming to remove the suppressive control of the aratdars who have dominated the local financial and marketing systems. I witnessed the desperate desire of small-scale farmers to adhere to the PepsiCo contracts as it guaranteed a certain amount of income, notwithstanding the rigid terms and conditions imposed on them. The small farmers who have been (and would otherwise be) in debt to the aratdars and who struggle to access scientific farming methods have actually ‘bowed down’ in front of corporate supremacy in expectation of economic security. Moreover, they perceive their corporate exposure to be a means of climbing the social ladder as the perceived greater financial certainty will help them to secure their children’s future through better education and social stability. However, such dependence on corporate contracts has widened the scope of capital accumulation of the corporate firm at the cost of the farmers’ sovereignty. I found that apparent financial ‘stability’ has not eliminated subjugation for the small-scale farmers. Rather the power of control has been transferred from the aratdars to the corporate firm.

This suggests that financial strength leads to the practice of ‘authoritative supremacy’ over the financially weaker sections. The subjugated status of resource poor farmers has hardly changed in the neoliberal set up, though the corporate exposures could solve the problems of financial deprivation to a certain extent. Rather the analysis of the empirical findings suggests that the dependence on corporate contractors for financial stability has accelerated the process of proletarianisation. This indicates that there is a high risk of dispossession of land as the submissiveness of the farmers will make them lose their control over their lands as has happened in many parts of the developing world (discussed in chapter 2). Thus the capital accumulation of large-scale corporations has resulted in further proletarianisation and subjugation of small-scale farmers.

8.4 Traditional small-scale retailing: Divisive impacts of neoliberalism across the sub-sectors

Research in the traditional retail sector of the industrial city of Durgapur also found similar levels of livelihood struggles and attempts at resilience for different types of low-cost retailing. This phase of research focused on the impacts of domestic neoliberalism on the small-scale entrepreneurships. As discussed in earlier chapters (Chapter 3 and 7), the neoliberal transformation of the retail sector in WB is essentially the result of the expansion of the retail chains of large domestic corporations.

In line with the basic theme of the thesis, that neoliberalism affects different sectors of the economy in diverse and divisive ways, this part of my research project argues that such diversity and divisiveness of impacts can be found within a single sector. This research focused on the traditional grocery sector which is the most frequent retail segment to start a business with limited investment capacity. I split the analysis into two halves considering an internal conflict that has developed around the small-scale traditional sector on the basis of the occupancy of the legalised retail space —established mom-and-pop stores (locally called as kiranas) and street vending. Both the sub-sectors have developed distinctive operational procedures with a discrete niche of customers (though overlapping at times) and both are experiencing the impacts of free-market capitalism in distinctive ways.

The disposable income of the white-collar middle class customers in Durgapur has induced the growth of commodification and thereby corporate retailing. This trend is very much aligned with that of other parts of India (and many other developing economies of the world) which have encouraged a consumerist free-market economy on the strength of a broad responsive market. The livelihood of the traditional retail sector in Durgapur has been affected as the middle class customer is drifting towards the modernised sector that offers a complete package of quality assurance, hygiene and professional expertise. Additionally, the vertically integrated supply chains, advantageous focused pricing and managerial strategies of the corporate retailers have enabled the middle class customers to avail the ranges of quality products at affordable prices. On the other hand, disadvantageous economies of scale and unprofessional traditional operational strategies of the traditional small-scale retailers has resulted in increased product prices, intensifying the competition which has already made it difficult for them to survive with their narrow resource base. I found this crisis to be most prominent among the traditional kirana owners who incur certain utility costs and associated taxes to run their legal establishments. More than 60% of licensed kiranas reported a 50% drop in sales in the last 5 years.

In addition, my research found that corporate retailers endeavour to capture the middle class customer base by adopting certain specialised 'popular' services which used to be 'exclusively' provided by the traditional retailers. For instance, satisfying the exact demands of customers by selling 'loose' grains or offering an instant free grinding service of whole wheat etc. are now provided at the corporate outlets in Durgapur. These are the vigorous counter-resilience strategies of the corporate firms to penetrate further into the local middle class market. Consequently, the kiranas cannot dominate the middle class market anymore, nor can they solely penetrate the lower middle class segment which is basically served by the low-cost vendors with semi-permanent arrangements and/or street retailers. Therefore, many of them are thinking of taking some alternative salaried jobs as the sustenance of livelihood in this sub-sector has become difficult. However, despite all the struggles these retailers continuously attempt resilience strategies to retain their customers within their limited capacity. However, due to the lack of financial, managerial or intellectual support sometimes these attempts end up with more difficulties exposing them to further livelihood struggles.

The current scenario is quite complicated as indicated by certain instances of my empirical findings. In some cases, proletarianisation has become a way of resilience for the struggling retailers to sustain their entrepreneurship. The severe competition has made some of the kirana owners look for certain blue-collar jobs so that extra salary can supplement their investments in their small businesses. I found that despite all the worries or anticipation of closure, this sub-sector fosters a strong enthusiasm to continue with their entrepreneurship — no matter how small it is. Such efforts to sustain small-scale entrepreneurial prominence indicate a possibility of co-existence of traditional and modernised retailing in a free-market economy. This contradicts the argument of liberal authors [such as Mukherjee and Patel (2005) or Joseph et al (2008)] who argue that the expansion of modernised retailing generates alternative employment for the dispossessed retailers. My empirical research suggests that the retailers who are joining or thinking of joining some salaried job are the 'losers' in a process of forced proletarianisation.

However, the livelihood challenges are different in the street vending sector. My empirical findings suggest that street vending is the least affected sub-sector in traditional retailing as it maintains a completely separate niche of customers and pattern of business that does not overlap with those of the corporate retailers. Basically they serve the customers with limited spending power, usually looking for small daily purchases. However, they do have their own livelihood struggles. While the local retail space of the city is gradually being occupied by modern outlets and shopping malls, street vendors are struggling on a daily basis to retain a piece of premises as most of them do not have any authorised identity. They mostly survive due to the "calculated informality" or rather conscious 'deregulation' of the government (Roy, 2009). This is a tactical exercise to sustain their informal economic activities as a way of livelihood for the unemployed urban poor. The street vendors usually go for mutual "settlements" with non-state actors to preserve their spatial existence. Therefore, conciliating local administration and political cadres (with bribery) has become a common practice among the street vendors in Durgapur. Despite this, raiding or seizure of inventories of the "illegal" open-air street markets has intensified the precarity of street retailing. The retailers themselves are uncertain about their existence on a day to day basis. The ceiling on license issuance (for street vending) has made these low-cost retailers run "illegal" businesses in Durgapur (as per the trend in other Indian cities). As a result, the unlawful existence of this sub-sector has caused resentment by the tax-payer kirana owners as the majority of the street vendors do not have any legal status. Kirana owners (who are losing their specified target segment of middle class customers due to the steady expansion of corporate retailers) cannot shift their customer-base towards the lower income group as it is primarily served by these low-cost street vendors. Therefore, while the 'vulnerable' future of traditional retailing (due to corporatist retail expansion) has drawn the attention of many scholars, my research brings out a new issue around socio-cultural imbalances, leading towards possible structural violence within the traditional sector. The kirana owners were found to consider the street vendors to be a bigger threat than the new corporate retailers. Therefore, both the different sub-sectors are facing the adversities brought on by a neoliberalised market in diverse ways.

Fresh food retailing (raw vegetables, fish etc.), however, has remained the safest traditional segment irrespective of 'legalised' or 'illegal' status. So far it is maintaining its customer base steadily as the supermarket-bound affluent customers also prefer to shop for fresh products from the traditional wet markets. However, attempts to adopt the conventional 'exclusivity' of traditional grocers at the large corporate outlets could provide future risks for the low-cost fresh food retailers.

Thus the local retail sector is being restructured by corporatist capital with a steady support from the local middle class customer base. However, the existing small-scale traditional sector is experiencing a more challenging environment in the 'progressive' neoliberal economy. The low-cost livelihoods in this sector seem to be suffering in the free-market set up where power of capital determines the social and economic sustenance. The larger the investment potential, the higher is the scope of market dominance. The source of capital investment hardly matters — whether from international or domestic firms. The example of the retail sector in Durgapur is the proof that even home-grown neoliberalism can endanger the indigenous low-cost livelihoods.

The low-cost traditional retailers have been exposed to the vulnerabilities of dispossession. While the kirana owners are being forced to accept their proletarian status due to severe crisis of customer loss, the street vendors are suffering from livelihood uncertainties because of their 'unlawful' existence.

8.5 Policy challenges and future research

My empirical research in the regional state of WB suggests that the new neoliberal free-market economy is detrimental to the small-scale and marginal entrepreneurs who survive on very limited resources. In fact a liberalised market economy embraces the large corporations that basically operate for profit maximisation at the cost of local resources — it does not matter if the corporation is a multi-national or a domestic one. My research in different sectors suggests that in any circumstances neoliberalism results in a cumulative accumulation of capital in the hands of the large-scale firms, while the low-cost players are exposed to the risks of proletarianisation and dispossession as they lack any supportive resource base to sustain themselves in a transforming environment. These outcomes are reflected in diverse and divisive ways in different sectors of the economy.

In both the economic sectors I found that the intrinsic inefficiencies of infrastructure have intensified the livelihood crisis of the low-cost players in the face of neoliberal economic expansion. The case of small farmers is more complicated from different perspectives. Local farmers have indeed accepted PepsiCo India's venture as a way of 'resilience' for them to remove the intrinsic difficulties that could not be solved by the government so far. Therefore, the farmers have compromised their sovereignty with the corporate contracts for the sake of economic security and also to maintain land resources and farm productivity. On the other hand, traditional kirana owners are being moved towards giving up their entrepreneurship involuntarily as they are too weak to retain their customers in competition with the giant corporations. Again, the street vendors are sandwiched between the license issuance restrictions and tactical deregulation of the government. The uncertainty of the spatial existence of these retailers also questions the persistence of this micro entrepreneurship in the long run.

Therefore, the current situation in WB does not support the government's rubric behind the encouragement of free-market economy — preparing a "level playing ground" — as the low-cost players are being driven out of business. The fate of the low-cost entrepreneurs seems to be determined by the state. They have adopted several resilience strategies for survival rather than showing resistance against the ongoing transformations that have jeopardised their livelihood. They indeed need infrastructural and legal support from the government for the sustenance of low-cost livelihood.

In addition to the failure of the popularisation of institutional credits, the government has also failed to assist the farmers with required training on production and preservation of resources. Neither has it effectively pursued the plans for helping the farmers for marketing farm products at rational prices (discussed in Chapter 5). An intense focus on such issues would not only increase the inflow of agricultural revenue of the state, but could also reduce the dependence on corporate firms. This, in turn, would raise the scope for interactional justice for the small farmers who usually accept their subjugated status through fear of contract termination and losing economic 'stability'.

To protect the small-scale retailers, regulation on the growth of corporate retailing might not be an effective measure. Generally, restrictions are imposed on the large formats; but corporate retailing in convenience or neighbourhood store formats can equally jeopardise the sustenance of small-scale kiranas (Reardon and Gulati, 2008). Therefore, the government can take a strategy (following the model adopted in Hong Kong, Taiwan or Singapore) of upgrading the traditional market under one municipal or national umbrella; however, considering the highly disorganised nature of traditional retailing, the materialisation of such plans will be extremely challenging in WB. On the other hand, the vulnerabilities of the street vendors need to be sensibly dealt with as numerous urban poor pursue this occupation to earn their daily bread. The government should focus with greater effect on their proposal (discussed in Chapter 3 and Chapter 7) to provide such retailers with 10% space in shopping malls to solve their crisis of material space.

My research in the agricultural and retail sectors brings out a common point of weakness that has considerably affected the revenues of both the sectors — the intervention of a series of middlemen. The income of the farmers is reduced in the prolonged supply chains due to the involvement of numerous intermediaries. Moreover, additional mark-ups at each step of intermediation ultimately increases the retail price in the traditional sector for both farm and non-farm products. As a result, the conventional procurement system of the traditional retailers eventually makes them lose the competition with the large corporations that offer a range of products at cheaper prices taking advantage of vertically integrated supply chains and economies of scale.

Therefore, a strategic reconstruction of the traditional supply chains could help the farmers and low-cost retailers to some extent. The proposed initiative of the government to implement 'krishak bazars' (i.e. farmers' markets) could be beneficial in this context as this will encourage direct dealing between the wholesalers and/or giant retailers and the farmers without the intervention of intermediaries (discussed in Chapter 6). This could be effective for the traditional retailers as well since procurement costs will be reduced if the wholesalers can access the farm products directly from the farmers.

My research leaves scope for further research to understand the effectiveness of 'Krishak bazars' after their inception in WB. Additionally, such measures could make a number of professional intermediaries jobless evoking another significant issue to look into – if the initiatives to safeguard farmers' interests are placing some other professions at stake. Another field to explore further is the operational procedure of the aratdars as this profession has a considerable influence on the local economy. My field research looked into this primarily from the point of view of the farmers who are indebted to the aratdars. I found it to be challenging to explore the issue from the aratdars' standpoint, because of their insistence on maintaining their trade secrets. However, a detailed exploration could be more helpful to better understand the rural informal credit market and agricultural supply chain.

In the traditional retail sector, the empirical research suggested the possibility of future structural violence due to the growing antipathy of the kirana owners against the street vendors. This issue can be further explored to realise the practical difficulties across different sub-sectors of the traditional sector which is affected in divisive ways not only by neoliberalisation but also as a result of certain government decisions.

Additionally, the profession of street vending has enormous scope for further exploration. This research focused on traditional vending on footpaths, while there are numerous people hawking with their inventories in mobile transport such as trains and buses. It is worth researching if their livelihoods have also been affected by the consumerist neoliberal economy.

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Appendix

Interview Protocol for Farmers

Farmers

Purpose: To assess the vulnerability and the likely socio-economic benefits of the small/marginal farmers due to neoliberal expansion of agriculture which is backed by modern retailers

Sample size: 36

Technique: Semi-structured interviews in focus group as well as of individual participants

Themes	Key questions	Follow up questions
Easy introductory questions to derive contextual information	Personal and household information	Main livelihood of family
		Jobs in which other members are involved and why?
	Who consumes the produced crops or other products? (to understand subsistence/commercial/both)	
	How about the employees you appoint?	Are they from your family?
		The family members working with you are essentially required or they are involved because they do not have some other job?
	Your periods of engagement on farm	
	Average productivity of land	What do you do to increase production capacity? (information related to technological adaptability)
		Are you satisfied with employment-productivity ratio?
	What are the major technological artefacts used by you? How do you arrange them?	Are you comfortable with all technological inputs? How have you got accustomed to all

<table>
<tr><td rowspan="10">Farming method and adaptability of farmers</td><td></td><td colspan="2">these equipment?
(This question will intend to understand if there is any assistance from corporate firm's side; provision of training/equipment etc.)</td></tr>
<tr><td rowspan="7">How do you arrange the required funding to employ the essential farm inputs?</td><td rowspan="6">If the farmer is dependent on moneylenders or institutional sources</td><td>Why dependent on the specific source?</td></tr>
<tr><td>Average interest rates</td></tr>
<tr><td>frequency of lending</td></tr>
<tr><td>Occasion/reasons of lending</td></tr>
<tr><td>Mortgage of any collateral security to access loans</td></tr>
<tr><td>How to repay the loans</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td>Are you aware of the market information? How do you access it?</td><td colspan="2"></td></tr>
<tr><td>Are you willing to pay to access the up-to-date equipment/ information or any other inputs?</td><td colspan="2">← Information derived will help to assess the price responsiveness of farmers and thereby the market adaptation in favour of small farmers can be anticipated.</td></tr>
<tr><td></td><td></td><td colspan="2"></td></tr>
<tr><td></td><td></td><td colspan="2"></td></tr>
<tr><td colspan="4"></td></tr>
<tr><td rowspan="5">Awareness and</td><td rowspan="3">How do you feel about the contracts?
(The purpose is to understand their comprehensive perspectives/awareness about "voice", interactional justice and informational justice)</td><td colspan="2">Any experience of deviated contracts (even if the deviation was in your favour)?</td></tr>
<tr><td colspan="2">What about the fairness of sharing risk and rewards</td></tr>
<tr><td colspan="2">Any opportunity of reward (in case of exceptional increase in productivity/ better market response for some product)?</td></tr>
<tr><td>Do you get any assistance from the firm's side to achieve the procurement targets?</td><td colspan="2"></td></tr>
<tr><td></td><td colspan="2">What are the aftereffects if you fail to satisfy</td></tr>
</table>

perspectives about Contracts	What is your opinion about the procurement criteria specified by the firm?	the prescribed criteria? (to understand where the issue of exclusion rises from)
		Do they help in some way to achieve the target?
		Do you feel the need for insurance for your produces for unusual circumstances?
	What about the economic transactions?	
	Have you ever faced any caste or gender biasedness from the contractors' side?	
	Have you ever felt the necessity of government intervention?	
Livelihood impacts	Have you experienced any change in your income and lifestyle?	
	What about your land possession?	
	What crop you used to produce while working independently? (To understand if there has been any food-to-non-food conversion of land use)	
	Have you ever faced any social mockery or scorn due to your employment status?	
	Have you ever thought about any alternative way of earning?	
Supply chain relations (if dealing through intermediaries)	Have you ever felt the necessity of direct interaction? Why?	
	What is the exact role of intermediaries?	Do you think direct interaction with the contracting firms would be more clear and transparent in terms of leniency in certain cases of product supply?
	If you are an independent farmer, why do you depend on intermediaries?	

Interview Protocol for Traditional Retailers

Retailers		
Purpose: To assess the susceptibility of traditional low cost retailers due to the gradual expansion of neoliberal economic expansion and retail transformation in Durgapur **Sample size:** 34 **Technique:** Semi-structured interviews of individual participants		
Themes	**Key questions**	**Follow up questions**
Easy introductory questions	Personal and household information	Main livelihood of family
		Jobs in which other members are involved and why?
	Information on store (e.g. floor space, weekly working hours)	
	How did you start your business? Tell the story	← Attempts to gather the information about license, registration, tax payments etc. without asking them directly
	How many employees do you have? (This question will also intend to estimate the probability of disguised unemployment, retrenchment etc.)	How many of them are from your family?
		The family members working with you are essentially required or they are involved because they do not have some other job? What about the external employees (if any)?
Supply chain relations	If you have experience of managing the supply side through direct interaction with the producers -→	How do you manage the supply chain relations? (in terms of management efficiency/ networking capacity/financial ability)
		What about the profit/loss factor?
	How do you interact with the	How much commission do they have? (A product-specific estimation would be

<table>
<tr><td rowspan="4"></td><td rowspan="3">intermediaries/ commission agents and to what extent controlling power over the pricing strategy predisposed by the intervention of intermediaries/commission agents??</td><td colspan="2">helpful)</td></tr>
<tr><td colspan="2">What makes you dependent on the middlemen? (in terms of management efficiency/ networking capacity/financial ability)</td></tr>
<tr><td colspan="2">What about the profit/loss factor?</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td colspan="4"></td></tr>
<tr><td rowspan="8">Livelihood impacts</td><td rowspan="3">Do you experience any fall in sales?</td><td colspan="2">What makes you weaker in the competition?</td></tr>
<tr><td colspan="2">What are the category of customers (e.g. high-end customers) you are losing?</td></tr>
<tr><td colspan="2">To what extent your income got affected?</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>How do you feel about the future of this business?</td><td colspan="2">What makes you confident/diffident? (Please explain with your present experience.)</td></tr>
<tr><td>Are you anxious about your next generation to join your profession?</td><td colspan="2">How do you want to insure the future of your next generation?</td></tr>
<tr><td>Have you ever faced any social mockery or scorn due to your low cost business?</td><td colspan="2"></td></tr>
<tr><td>Did you ever have to retrench your employees to economise your costs?</td><td colspan="2"></td></tr>
<tr><td></td><td></td><td colspan="2"></td></tr>
<tr><td colspan="4"></td></tr>
<tr><td rowspan="4"></td><td rowspan="3">What do you do keep the product price satisfactory for the customers?</td><td rowspan="2">How do you maintain and manage the costs?</td><td>Fixed costs (e.g. real estate rents, utility bills and labour costs)</td></tr>
<tr><td>Variable costs (e.g. inventory management, advertisement (including seasonal offers/display)</td></tr>
<tr><td colspan="2">Other (please specify)</td></tr>
<tr><td>How do you win the consumers’ trust/</td><td colspan="2">Networking in neighbourhood (an estimation</td></tr>
</table>

Competing the modern retailers (Resilience strategies)	credibility?	of the radius of the coverage area)
		Consumer familiarity and personal relations (does it go in your favour against the high professionalism of the modern stores)
		Bargaining facilities
		Credit business facilities
	Who are your regular customers?	What about their tastes and preferences?
	What are your strategies to satisfy the changing tastes and preferences of the customers?	Any specific strategy for managing the inventories?
		Introduction of any newer service (such as home delivery, new opening hours etc.)
		Quality consciousness
		Other
	How do you manage the additional budgets to compete the modern retailers?	Related cost cutting strategies (if any) → effect on the employment of salaried labour
		If opt for money lending (sources, loan repayment methods)
Additional questions for street hawkers/ pavement stall owner	Any threat for eviction from municipality?	
	Harassment by the nearby shopping mall agents/supermarket operators?	
	Is there any misconduct or palm-greasing activity you tolerate for your survival? (Such as weekly bribes locally known as "hafta" to the local party cadres/ policemen etc.-→ these hints would not have been provided though)	

Interview Protocol for informal lenders/aratdars who also act as intermediaries

Intermediaries		
Purpose: To link-up the gap between the retail market and farmers **Sample size:** 3 (sample size was reduced due to unavailability of participants) **Technique:** Semi-structured interviews of individual participants		
Themes	**Key questions**	**Follow up questions**
Easy introductory questions for contextual information	Personal and household information	Main livelihood of family
	How long you remain engaged in a year?	What do you do rest of the year?
Method of working	How do you intermediate between the farmers and market? [even if involved in supply chain to other states or even exports (other than the local markets only)]	
	How do you determine your pricing strategy?	Dependence on certain factors like market responses (demand/supply of certain produces), perishability, accessibility etc.
	How do you face the competition with other intermediaries?	← This will help to understand the profit making policy of the middlemen if competition among middlemen is intense.
	Is there any impact of new supermarkets/modern retailers on your income or operational strategies?	
Impacts on	Did the involvement of corporate firms in the agricultural sector bring any change to	

livelihood	your livelihood?	
	Are you involved in any other occupation?	