



Sinha, A., & Wyatt, A. (2019). The Spectral Presence of Business in India's 2019 Election. *Studies in Indian Politics*, 7(2), 247-261.  
<https://doi.org/10.1177/2321023019874914>

Peer reviewed version

Link to published version (if available):  
[10.1177/2321023019874914](https://doi.org/10.1177/2321023019874914)

[Link to publication record in Explore Bristol Research](#)  
PDF-document

This is the author accepted manuscript (AAM). The final published version (version of record) is available online via SAGE Publications at <https://journals.sagepub.com/doi/full/10.1177/2321023019874914> . Please refer to any applicable terms of use of the publisher.

## University of Bristol - Explore Bristol Research

### General rights

This document is made available in accordance with publisher policies. Please cite only the published version using the reference above. Full terms of use are available:  
<http://www.bristol.ac.uk/red/research-policy/pure/user-guides/ebr-terms/>

## **The Spectral Presence of Business in India's 2019 Election**

Aseema Sinha (Claremont McKenna College, Claremont, CA, USA)

Andrew Wyatt (University of Bristol, Bristol, UK)

Forthcoming in: *Studies in Indian Politics*, Volume 7 Issue 2, doi:  
10.1177/2321023019874914

© 2019 Lokniti, Centre for the Study of Developing Societies

Reprints and permissions:

[in.sagepub.com/journals-permissions-india](http://in.sagepub.com/journals-permissions-india)

DOI: 10.1177/2321023019874914

[journals.sagepub.com/home/inp](http://journals.sagepub.com/home/inp)

*Abstract: Shifts in the balance of India's economy towards private production have re-opened a debate over the role of the business in its polity. Business interests have found new ways to influence the state at different levels and through multiple institutions. This paper concentrates on the composition of the 17<sup>th</sup> Lok Sabha and its porosity towards business (around 28.4% of these MPs have self-reported business careers). A growing number of 'industrialists' and entrepreneurs have branched out into a legislative career; they complement a fast-emerging group of entrepreneurial politicians, who already use their legislative and institutional location to develop business interests for themselves and their families. We find that the influence and power of business has become diffuse and central at the same time; it seeped into every aspect of the election campaign and voting process: political recruitment, finance, issues, and policies—in tangible and intangible ways. This spectral presence of business is shaping Indian elections, parties, and democracy and in turn consolidating India's economic reforms and pro-business polity.*

**Key words: developmental state, pluralism, political finance, political recruitment, porous state, entrepreneurial politicians, business-state relations**

## **Introduction**

The marathon Indian elections have concluded with a decisive result: the re-election of the Bharatiya Janata Party (BJP) with 303 seats in a 543 elected House of the People or the Lok Sabha. The dominance of regional parties in Andhra Pradesh (YSRCP), Tamil Nadu (DMK), and the lonely presence of the Congress party in Kerala are balanced by the advance of the BJP in Assam, West Bengal, and the Northeast. The BJP has now won the western and northern states and is on the verge of capturing India's east. We may be witnessing a consolidation of a BJP hegemony, and India may be moving towards a new one-party dominant system with the BJP and its saffron organizations at its centre. While analysts are poring over the details of vote share, and party strategy during the elections, we do not know enough about the deeper economic foundations of India's current polity, and the role of business in shaping the issues, and nature of the election campaign. What does the election process and the results tell us about underlying trends in political economy? There is keen interest in the religious, caste, and gender map of voters and elected MPs but less attention is devoted to how business and industrial interests shaped the nature of the electoral campaign,

and the new Lok Sabha. We highlight the role of business in the 2019 elections and assess its presence in the 17th Lok Sabha.

We focus on the intersection of business and elections for three reasons. First, we need to reflect more on the implications of post-1991 economic changes for electoral politics. The state recognises or yields to the aspirations of business increasingly (Jaffrelot, Kohli and Murali 2019), but these changes also shape political competition and elections. Elections and party strategies are influenced by sympathy towards business, and enthusiasm for India's global profile. The tilt towards business is encouraged by the political finance supplied by individual businesses to political parties that can give specific policy concessions. We assess how business interests became part of the electoral campaign of especially the BJP and how it affected the resources available to parties especially through electoral bonds, which has further cemented business power.

Second, the nature of political recruitment has shifted dramatically since 1991 with the numbers of legislators from business backgrounds growing rapidly. The new and expanding business interests are reflected among the faces seen in the Lok Sabha. We present new data on the occupational profile of the Lok Sabha elected in May 2019, which shows that business has increased its direct legislative influence, partly through the Rajya Sabha, but especially in the Lok Sabha. This spread of business appears across all levels of the political system, among the nominated but unelected candidates, and in state assemblies also (Sinha 2019 pp.62-3).<sup>1</sup>

Third, a growing trend among the ‘business MPs’ are entrepreneurial politicians using their institutional location to develop business interests. This new category of political actors—entrepreneur politicians (Harriss and Wyatt 2019, Wyatt 2017; Sinha 2019)—have taken centre-stage even as the policy and political world gives greater cognizance and attention to the interests of business traditionally conceived. As a result, this intertwining of business and politics has reached a new stage where the state and its constitutive elements—politicians and parties—are as implicated in business dealings as business is in policy and politics.

These three foci lead us to the following argument: We find that the role and power of business has become diffuse and central at the same time. Business is central because it has seeped into every aspect of the election campaign and process: finance, issues, actors, and policies—in tangible and intangible ways. All parties rely on business and many politicians use their political positions to further and invest in business activities. Yet, the impact of business is diffuse because Indian business is not monolithic. The cohort of business MPs crosses party lines and range from the owners of enterprises worth hundreds of crores to small-town entrepreneurs and traders. We refer to the spectral presence of business because its representatives usually keep a low profile and seek influence quietly. Business shapes Indian elections, parties, and democracy even when the public eye focuses on other issues. This phenomenon is not new or unique—most consolidated democracies—United States (Witko and Friedman 2010), United Kingdom, Japan—but also new democracies such as Brazil (Schneider 2013), South Korea, and Bangladesh (Ahmed 2019)—have accorded business a prominent place in politics and policy. Thus, it is worthwhile mapping business contours in India too.

In this article we also advance a framework that helps understand the new economic foundations of the emerging changes in the Indian polity. We offer a perspective focusing on the *symbiosis of business and politics* that has emerged across the Indian polity. Atul Kohli in *Power and Plenty* argued that a “two-track polity” had emerged after liberalization wherein the government pursued welfarism and nationalism to win elections, while the economic governance track saw the working of a narrow ruling alliance with large business groups and technocratic insulation of economic decision-making (Kohli 2012, 60-68; Jaffrelot et. al 2019, 11). The evidence gathered in our paper leads us to conclude that the logic of the two tracks are much more closely linked in a changing political economy, rather than being separate. The priorities of business are reflected in mass politics, especially notable in discussions of development and provision of infrastructure. Political and business elites are fusing, and cooperate with each other to win elections, a theme we return to in the conclusion. The combined power of this fused elite is not limited to the policy or governance arenas but extends to the electoral and party arena through electoral bonds, entry of traders, businessmen and businesswomen into legislative bodies and the pursuit of personal business goals by entrepreneurial politicians.

The paper is organised as follows: We start with a discussion of the immediate economic context of the 2019 election before reflecting on the wider discussion of the literature on state-business relations in India (second section). The quiet but powerful influence of business in the election campaign is discussed in the third section of the paper. The extensive presence of businessmen and women in the new Lok Sabha is mapped and assessed in the fourth section, before a concluding assessment of the significance of the quiet entry of business into national politics.

## Economic Performance: Satisfying Multiple Constituencies

The task of economic governance has become more complex in recent decades. The number of interested parties has increased. For their part voters expect more of the promises made in 2014, which have not been met. A post-election review of policies on employment and skill development (Mohan 2019), allied with new promises of assistance to small farmers and traders, was a belated recognition by the government of the economic distress of diverse groups. Slowing growth and higher unemployment (a rate of 6.1% in 2018 (Government of India, 2017-2018)) placed the BJP on the defensive during the election. In response, the BJP focused on national security, India's ranking at the global level, benefits like the Rs. 6000 income support for farmers (PM-Kisan), the building of toilets across India, as well as specific economic schemes of the government.

The private sector has an increasing stake in economic governance, having displaced the public sector as the main producer-investor in the formal economy. Most valued added is created in services and manufacturing. India's economy has become internally complex, connected to global supply chains and global growth. The economy is also highly regionalised with diverse kinds of regional capital with local and state-specific patterns and a strong domestic demand. New capitalists and business actors, who generate surplus from activities such as real estate (construction and land speculation), educational institutions, private hospitals, mineral extraction and export. This new generation of capitalists use diverse public institutions and legislative avenues to defend their interests and supply varied private and public goods. Demands for development and public goods, urban services such as

housing, piped water, and telecommunication connections by variously made by poorer people, the new aspirational groups and the neo-middle classes has become part of the electoral issue space (Sinha 2016b). The state is increasingly turning to private business to supply these services and goods.

Political parties try to accommodate these compulsions in ways that are electorally advantageous. In many ways the BJP failed to do this between 2014 and 2019. The annual growth rate fell from 6.9% in 2017 to 6.8% in 2018 and in the first quarter of 2019 slowed to a meagre 5.9% (Business Today, 2019b). Certain service sectors like construction, retail trade and tourism have high employment potential but have been hit with the effects of demonetization. The manufacturing sector is facing an investment crunch and reveals a capital-intensive pattern with a low job creation potential. This has created a high unemployment rate. It is a classic case of an economy doing well, while the people are not. Elected actors are, thus, compelled to respond to the economy because they need business participation and contributions.

The multiple compulsions from voters, MPs, and private sector actors, then, are fed into Indian elections both at the national level and across India's regions and states. The extent to which these ambitions translate into policy is also influenced by institutions and legislatures, which make policies for the economy, and where business has an increasing presence.

### **Theorising the changing topography of business influence**

Post-independence India saw a close connection between the state and the private sector conceptualised as a soft (Myrdal 1968) or weak-strong state (Rudolph and Rudolph



1987; Corbridge and Harriss 2000) largely without embedded autonomy (Evans 1995). While the Nehruvian state led the economy, creating autonomy for itself through the Planning Commission, the five-year plans and the license-quota-permit-raj, it also provided access, and concessions to large capital on a case-by-case basis (Herring 1999). Rudolph and Rudolph (1987) and Bardhan (1999) analysed the state as the mediator of class conflicts and offered new concepts such as ‘involutional pluralism’ to describe how the state organized a diverse set of class—both capital and labour—forces. Access and influence were individualized and particularistic leading Herring to categorise India as ‘embedded particularistic’ (1999) in contrast to ‘embedded autonomy,’ where business-state actions aid developmental progress. Kochanek (1974), Chibber (2003) documented the diverse ways in which business lobbied and sought to: control entry of rivals, deter competition, reduce tax bills, purchase land at cheap prices, and control imports. Kochanek’s account of ‘briefcase politics’ showed how business financed elections and bought influence (Kochanek 1987; Sridharan and Vaishnav 2018, 20).

Regional business emerged and sought state government support to bypass the national license-quota raj. Regional institutions were crucial for new kinds of business with stronger connections with agrarian capital and markets (Baru 2000; Suri 2006). For example, in Maharashtra sugar cane farmers combined with the sugar cane industry were part and parcel of the Congress party and the National Congress Party (NCP) led by Sharad Pawar. In Gujarat, Patidar farmers moved into small-scale industries encouraged by state government strategies and incentives (Sinha 2005; Gorter 1996). State-business interactions were widespread, multi-layered, and individualistic even as the state sought to unleash structural change across the agriculture and manufacturing sectors with intrusive policy instruments.

In the 1980s, India began a hesitant process of economic liberalization followed by a paradigm shift after 1991 (Jenkins 1999; Mukerji 2014). As the state began to liberalise and encourage private sector investment actively, political direction of the economy devolved away from the national capital to state capitals (Rudolph and Rudolph 2001; Jenkins 1999). The state became more receptive to business in a public, formal way; scholars conceptualised it as a porous state (Sinha 2019), or policy spaces where ‘the government and business jointly develop policy’ (Mathur 2014, 154).

Structural changes in the economy—the spread of a diversified capitalism across India with regional patterns (West and South vs. the East)—firm-specific and sectoral patterns and networks (Naseemullah 2017; Hsueh 2012), the growth of agrarian capital and its linkages with urban and industrial towns (Harriss-White 2008; Upadhyaya 1988; Vijayabaskar and Wyatt 2013), new and first-generation capitalists (Damodaran 2008; Baru 2000), and the insertion of some sectors (IT, pharma, biotech, auto, and textiles) into global export markets and supply chains (Sinha 2016a) have created rapidly changing, globally-linked and complex economic foundations of growth and business power. These complexities mean analysing business influence on elections and politics across multiple layers—regional states and state assemblies, cities, parties and media houses—and rapidly changing sectors, new business, and firm sizes. Thus, the diversity across spatial and sectoral dimensions in business activities has combined with change over time in business capacities to shape policy and seek state involvement in economic activities that benefit business. These cumulative developments mean that now business exercises structural, instrumental, and ideational power (Jaffrelot, Kohli and Murali 2019; Murali 2019).

While this larger literature has given us new concepts—involutional pluralism for example—and traced the changing nature of the larger political economy, we have fewer

studies of how business shapes and affects the electoral space and party competition. This paper addresses that gap between party and electoral analysis and political economy by bringing in new empirical material about the changing face of Indian legislatures, and by the presence of business in the campaign and beyond. In doing so, we argue that business activities and presence during the election campaign and within the legislatures (business MPs and entrepreneurial politicians) is the link that holds the electoral and policy arenas together.

How did business and private sector become the link that holds the policy and electoral worlds together? We suggest that as the economy has changed and grown in India a demand has grown for a new developmental state that invests in infrastructure and secures export markets even as particularistic relations and lobbying for concessions continue. New entrepreneurs and new sectors such as IT, knowledge sectors such as biotech and life sciences—have become national and global. Some politically shrewd entrepreneurs have expanded in growth sectors such as media. For example, the SUN Group in Tamil Nadu has moved from satellite television into film production and print newspapers. In Andhra Pradesh the Ramoji Group moved from film and print into broadcasting. Other growth areas are real estate,<sup>2</sup> education, and service sectors including retail. These new entrepreneurs have strong connections to regional parties and states, creating an elaborate layered set of networks and channels of access across India's states and regions (Wyatt 2017). So, we see an even stronger influence of business in India's state-level provincial assemblies and regional parties than at the national level.<sup>3</sup>

Simultaneously, the changes in the goals and nature of the Indian state from within has created new accommodations between a changed business class and a changed political class. The relatively autonomous state post-independence has given way to a constrained

autonomy, but not without some instruments of state authority. For example, the Modi government used GST and demonetization to increase the fiscal capacity of the state and to retain a first-mover advantage in shaping economic policy but also holding onto the business community as a partner. Indian business partners with the state in new ways, creating a Janus-faced state, that is both powerful and interventionist and accessible/porous (Sinha 2019). By now we are witnessing the unfolding of a process theorized by Adam Przeworski:

‘Once the state acquires the capacity to intervene into the economy, economic actors have incentives to seek control over the state. . . .The result is that as the capacity of the state to implement its preferences increases, its capacity to formulate them independently declines. *The moral of the story is that states become vulnerable to outside influences precisely when they become effective in transforming the economy. Hence, they can be either autonomous in choosing goals and impotent in realizing them or effective in intervening but vulnerable to private interests*’ (Przeworski, 1990, 32-33; emphasis added).

Scholarship on India, combined with these theoretical insights from Przeworski allow us to see that we are at a stage of *increased capacity combined with enhanced vulnerability* vis-a-vis business and private sector. An analysis of the 2019 election campaign and the resulting Lok Sabha reveals this joint effect, which we call the spectral presence of business.

### **The Election Campaign of 2019**

The place of business in the campaign rhetoric of 2019 was conditioned by uncertainty about popular approval of business. The rhetoric has to be placed in context of Indian political culture, and Modi’s political career including the period in office between 2014 and 2019. Public reticence towards business has deep roots in Indian political culture (Jenkins 2004), and events between 2014 and 2019 encouraged ambiguous attitudes towards business. Narendra Modi has close links with notable members of the business elite, especially in his home state of Gujarat (Jaffrelot 2019) but has been careful to avoid a public profile for this alliance.<sup>4</sup>

Specifically, the controversy over the monogrammed suit worn to the January 2015 Republic Day parade seemed to make Modi more cautious about identifying with wealth creators. The suit, a gift from an entrepreneur in Gujarat, was auctioned off for charity not long after it became an object of controversy. Speaking in parliament in April 2015 Rahul Gandhi labelled Modi's government a 'Suit-Boot ki Sarkar,' an administration that favoured corporate interests at the expenses of farmers and poor citizens. The slogan became something of a catchphrase, being re-used in the 2019 campaign from time to time.<sup>5</sup> The episode is said to have inspired Modi re-working of his image, to demonstrate empathy with the poor, a 'garibon ka Sarkar' (Jha, 2017, 17, 26-31). Modi's populist rhetoric matched this image, with his speeches emphasising his concern with the fate of ordinary Indians and resentment of an elite who had betrayed India (Wyatt 2019). This elite was under-specified (except for attacks on the Nehru-Gandhi family) and did not single out crony capitalists exploiting their protected positions.

Rahul Gandhi tried to make crony capitalism an election issue, and somewhat unusually, business entered popular discourse in an election. The Rafale case, in which one of Anil Ambani's companies was given a contract as part of a government deal to buy the French fighter, was publicised in the election campaign and blended into a populist narrative that tied Modi to a small group of corporate leaders. Rahul Gandhi returned to this theme constantly in speeches at rallies across the country. The prime minister was said to be enriching a handful of businesses while overlooking poverty and distress in the countryside. While continuing to use this rhetoric Gandhi sent signals that his populism was tactical. He met with new entrepreneurs in lower profile meetings and gave a well-publicised interview in early May 2019 in which he explained that business was essential for the nation, and he was

singling out a mere handful of wrong doers (Economic Times 2019). The point to emphasise is that Gandhi attacked crony capitalism and not business more generally.

Narendra's Modi's speeches gave much less profile to business. National security was a leading theme in the formal campaign, though development was certainly not overlooked, especially in the pre-election tour when Modi travelled the country inaugurating public works, and promising new projects. One might have expected enthusiasm for business in Modi's speech at a rally in Mumbai on 26 April, Mukesh Ambani's son had a front row seat, but the Prime Minister focused on the aspirations of the middle class and national security issues. Likewise, Amit Shah concentrated on projecting the muscular image of the BJP in his many speeches in the election campaign. Modi and Shah were the objects of attention not the party's connections to the privileged in Indian society.

Most business leaders did not trumpet their support for any party, including the BJP. Prudence, given the need to work with any government of the day, is one factor. Another is Modi's uneven record on supporting business. Demonetisation was highly disruptive and small businesses found GST implementation problematic. Reforms that interest corporate leaders remain incomplete. (Financial Times 2019b). Unexpectedly, Mukesh Ambani and Uday Kotak, spoke in support of Milind Deoria, Congress candidate for south Mumbai, because he was a person who understood business, but this was said to be a personal, not a party endorsement.

The irony is that while business leaders, with the exception of Anil Ambani, were mostly ignored in the 2019 campaign rhetoric even though they contributed large amounts of money

to the costs of the campaign. Electoral changes introduced by Modi's government made it easier for business to support political parties while reducing reputational damage and accountability by ordinary citizens. The electoral bond scheme allows for large confidential donations to political parties. Donations of up to Rs 20,000 can be made anonymously. The result, according to the Association for Democratic Reforms (ADR), is that over 80% of donations to political parties in 2017-18 could not be traced. Of the donations made via bonds, nearly 95% were donated to the BJP, which is perhaps unsurprising if wealthy donors were seeking influence with the governing party in 2017. The sale of bonds increased more than tenfold in 2018-19, with the State Bank of India reporting Rs 2772 crore sold (the recipients as yet unknown) (Business Standard 2019). Donors seeking influence can discreetly communicate their generosity to party leaders and observers cannot track influence peddling. The added significance for our argument is that electoral bonds are a route whereby business can fund party campaigns and the 2019 election campaign was an expensive affair. Media advertisements and the large number of massive rallies organised by the BJP and Congress are two of the most obvious areas of spending. It needs to be added that individual candidates, especially within regional parties have to pick up some or all of their campaign expenses. So, businesses are useful allies for regional parties, and business candidates who are able to fund their own campaigns are attractive to party leaders. Thus, while national parties, especially those in power like the BJP, get donations directly to the party and have large coffers, regional parties' sponsorship of business and closeness to business is shaped by their party models and ways of fighting elections.

### **Composition of the Lok Sabha after 2019 election**

The spectral presence of business in Indian politics is confirmed by our original data collection and analysis of newly elected legislators. Self-reported businesspersons have

become an important feature of the lower house but strikingly, the representation of business figures is much more widespread than the self-reporting suggests. The self-reporting is just a tip of the iceberg of business representation and influence on the elections and legislative politics.

While media attention is drawn to a small subset of powerful or characterful politicians: the Prime Minister, Chief Ministers, senior cabinet ministers, other party leaders, talented media performers and controversial activists, most MPs remain anonymous to the media, the wider public and sometimes their own constituents. The minority of well-known figures are keen to project themselves as politicians (or simply ‘leaders’) and personal business connections are de-emphasised or concealed. Almost all politicians downplay business connections which run contrary to a man-or woman-of-the-people image. This is reflected in election affidavits,<sup>6</sup> which might make a furtive reference to money lent to an educational trust but omit to mention the legislator is the founder or chair of a college. Our review of the affidavits filed by candidates for the Lok Sabha in 2019 reveal a few documents which are remarkably transparent, but many others are opaque, incomplete or entirely misleading. Affidavits are well known to be incomplete when it comes to assets. Our scrutiny of the 2019 affidavits reveals a similar pattern for details of the candidates’ profession or occupation. A minority of MPs, 11 out of 542 in 2019, furnish no occupational details at all. Large numbers of MPs describe themselves as ‘social workers’ and do not mention their business activity, yet a close examination of their careers reveals they have combined a career in politics and business. Even so, a significant proportion of the MPs elected to the Lok Sabha (154) described themselves as having a business background: 28.4% in total. This reveals an upward and enduring trend, an increase from 26.3% in 2014, and 14.2% in the 1991-96 Lok Sabha (Sinha



2019, 61). Table 1 provides a state wise breakdown of those MPs in the newly elected Lok Sabha. The larger states that stand out are Andhra Pradesh (44%) and Maharashtra (50%), where this group dominates. Other states with a substantial proportion, in the range 30%–40%, are Jharkhand, Gujarat, Karnataka, Tamil Nadu, and Uttar Pradesh.

**Table 1: Lok Sabha elected May 2019: State-wise breakdown of MPs declaring a business background**

States/Union Territories	MPs with a business background	% MPs with a business background	Number of MPs from State/Union Territory
Andhra Pradesh	11	44	25
Arunachal Pradesh	0	0	2
Assam	4	29	14
Bihar	6	15	40
Chhattisgarh	3	27	11
Goa	1	50	2
Gujarat	8	31	26
Haryana	1	10	10
Himachal Pradesh	2	50	4
Jammu & Kashmir	1	17	6
Jharkhand	4	29	14
Karnataka	11	39	28
Kerala	1	5	20
Madhya Pradesh	3	10	29
Maharashtra	24	50	48
Manipur	1	50	2
Meghalaya	0	0	2
Mizoram	0	0	1
Nagaland	0	0	1
Orissa	4	19	21
Punjab	3	23	13
Rajasthan	7	28	25
Sikkim	0	0	1
Tamil Nadu	15	39	38
Telangana	5	29	17
Tripura	0	0	2

Uttar Pradesh	27	34	80
Uttarakhand	1	20	5
West Bengal	7	17	42
Andaman & Nicobar Islands	1	100	1
Chandigarh	0	0	1
Dadra and Nagar Haveli	0	0	1
Daman and Diu	0	0	1
Lakshadweep	0	0	1
Pondicherry	0	0	1
Delhi	3	43	7
Overall totals	154		542

Sources: Calculated from ECI data and the affidavits submitted by candidates and collated by the ADR.

Note: MPs can, and do, declare multiple occupations.

There are very good reasons for believing the direct presence of business in the Lok Sabha is larger than Table 1 suggests. Firstly, a number of MPs do not associate their business interests with their reported occupation. This becomes clear with a closer inspection of the very wealthiest MPs. Secondly, it is worth keeping in mind that the connections MPs have with business take the form of close family members in business. For example, Nitin Gadkari, describes his occupation as ‘agriculture,’ while this is debatable point as he has invested in many firms, it is certainly the case that his wife and sons are involved in running businesses (Times of India 2018).

The information in the affidavits helps build a picture of the business MPs as a cohort. The pattern of assets has been cross checked against media reports and personal biographies. The Lok Sabha stands apart from the Rajya Sabha where several very high-profile business leaders have been elected. The well-known and high profile ‘business’ figures in the Lok

Sabha, such as Dayanidhi Maran, Supriya Sule and Karti Chidambaram come from families of entrepreneurial politicians and are better known for their political work.

The scale of assets owned by the business MPs falls far short of assets controlled by large corporates and business houses. Instead the most prosperous business MPs are involved in what we term ‘mini-conglomerates,’ such as Jayadev Galla’s (MP from Andhra Pradesh belonging to the regional Telugu Desam Party) link with the Amara Raja Group (known for car batteries among other things), or the BJP MP from Assam, Queen Oja, who has interests in various family companies which include banking and vehicle dealerships. Other areas of activity where MPs are active include college education, hospitals, construction, real estate, food processing, retail and quarrying.

In summary, this is not a group of traditional industrialists, rather the group divides between engagement with newer areas of the economy discussed above, and smaller, more informal activity (including shop keeping and small-town real estate). A few business MPs in the 2019 cohort might be placed among a national bourgeoisie, but many more resemble a regional bourgeoisie active in their home state depending on close political connections and local networks (Baru 2000). Large corporations seeking influence may get some assistance from business MPs but they will also look to ministers, bureaucrats, lobbyists, and regulators.

The distribution of business MPs between different parties presented in Table 2 reveals interesting patterns. Among the regional governing parties, the party wise distribution of MPs declaring a business interest reveals the predominance, a third or more, of those with declared business backgrounds in parties such as the YSRCP, the DMK, the Shiv Sena, the NCP, BSP,

and the TRS. Regional parties of all types rely on business politicians and MPs in critical ways, even more than national parties. The numbers in the ranks of the BJP and Congress are significant too (27% and 23% respectively). This profile may reflect the increasing cost of contesting elections but for several regional parties it hints at the way in which business environments shape, or are shaped, by political regimes. The NCP grew out of the cooperative movement where connections to sugar mills and cooperative banks were used to build a political profile and accumulate influence. In the cases of Tamil Nadu and Andhra Pradesh, the state government regulation of higher and technical education created opportunities for politicians to build businesses. Another regional pattern evident in Gujarat, Punjab, and Andhra Pradesh is the movement of agrarian capital and farmers into small and medium business. These entrepreneurs sought embedded relationships with regional parties, media houses and the state governments (Baru 2000). Party culture or the social profile of its support may be influential too. The BJP has always been close to traders and owners of small and medium sized enterprises. In the BSP the control of political recruitment is highly centralised and those that can afford to subsidise the party have been favoured (Farooqui & E. Sridharan 2014, 87), which is reflected in the fact that seven out of its 10 MPs in 2019 have business backgrounds.

The MPs elected do not represent the full range of candidates selected, though in the cases of most regional governing parties the MPs elected were a majority of those nominated. We looked at all of the affidavits of BJP and Congress nominated candidates to see if there was a significant divergence between elected and nominated candidates. This was not the case for the BJP (27% of its nominated candidates declared a business occupation) whereas for Congress a higher proportion of candidates (37%) than MPs (23%) had declared a business

occupation.<sup>7</sup> It should be noted that just after Independence Congress often recruited well-resourced notables and its recent financial difficulties may have again inclined the party towards recruiting candidates who can fund their own campaigns.

**Table 2: Lok Sabha elected May 2019: Party-wise breakdown of MPs declaring a business background**

Party Name	MPs with a business background	% MPs with a business background	Overall number of MPs
Bharatiya Janata Party	82	27	303
Indian National Congress	12	23	52
Shiv Sena	10	56	18
Yuvajana Sramika Rythu Congress Party	9	41	22
All India Trinamool Congress	3	14	22
Dravida Munnetra Kazhagam	6	32	19
Bahujan Samaj Party	7	70	10
Biju Janata Dal	3	25	12
Janata Dal (U)	2	12	16
Telangana Rashtra Samithi	3	33	9
Lok Jan Shakti Party	2	33	6
Nationalist Congress Party	2	40	5
Telugu Desam Party	2	67	3
All India Anna Dravida Munnetra Kazhagam	1	100	1
All India United Democratic Front	1	100	1
Indhiya Jananayaga Katchi	1	100	1
Indian Union Muslim League	1	33	3
Janata Dal (S)	1	100	1
Jharkhand Mukti Morcha	1	100	1
Kerala Congress (M)	1	100	1
Kongunadu Makkal Desiya Katchi	1	100	1
Naga People's Front	1	100	1
Samajwadi Party	1	20	5
Viduthalai Chiruthaigal Katchi	1	50	2
Total	154		515

Sources: Calculated from ECI data and the affidavits submitted by candidates and collated by the Association for Democratic Reforms (ADR), and made available at: <http://www.myneta.info/LokSabha2019/>

## **Conclusion**

The use of public office—subject to electoral competition and elections—for private gain, popular services, and economic growth has brought a mutually reinforcing and interlocking set of interests to the practice of Indian politics and political economy. An enhanced politics-business nexus supported and engendered by entrepreneurial politicians, national and regional parties, regional states and business actors traditionally conceived is taking shape and is reflected in the election process and on the make-up of the 2019 Lok Sabha. We have not taken a normative position on the rise of business. Many would argue that economic governance is improved by dialogue between state and capital. However, the rise of business does make economic governance more complex, for reasons summarised below.

This nexus remains under-assessed with most attention focusing on traditional business entryism and lobbying for regulatory favours. One reason for this lack of attention is that the 2019 election did not produce a distinct moment of reform to regulate the activity and limit the influence of business in democratic government. Indeed, the very reverse occurred. The influence of business was largely unscrutinised even as it made a massive contribution to the financing of the election. The large numbers of new and returned MPs with business connections means that the politics-business nexus will almost certainly expand over the term of this Lok Sabha. However, the influence of business should not be overstated given that the Indian state seeks authority and capacity to attend to the expanding needs of an economy faced with domestic and global economic challenges.

The politics-business nexus is highly complex, and the direction of the state is not entirely driven by business interests, partly because business itself is not a homogenous category (Sinha 2010). Businesses may be nationally active or regionally focused. The divisions between small, medium, large and corporate entities are significant. The institutional structure of the Indian state, with its federal features, adds complexity. Also, the relationship between business and the state is shaped by varied strategies and orientation of firms. Some businesses, including some large corporates, use the state to provide cheap raw materials, subsidised inputs, restrict market access and allow ‘competition’ on an oligopolistic basis. Other businesses favour transparency and strong market institutions which enable them to compete using innovation, superior products, and processes (Naseemullah 2017). The imperative to influence the state has only become stronger for some enterprises (Chandra 2015), even as the state has lost its dominant position as the key producer-owner of the late 1980s (Rudolph & Rudolph 1987) but is continuing to set policies and create the conditions for domestic growth (infrastructure for example) and global expansion. While there is no simple narrative of state ‘capture’ by business, or concentration of one type of business group or sector, it is certainly the case that the state has become more porous and varied business actors have a privileged position in what could be termed a neo-pluralist system of government.

Our analysis of the 2019 election shows how business and political elites overlap in their composition at the national level (the same is true at the state level (Harriss and Wyatt 2019)). Politicians are themselves businessmen and businesswomen. The logic of electoral and democratic competition—wherein parties seek votes based on their performance—is beginning to intersect with the popular demand for basic needs (water, health, education and

infrastructure) by citizens and the compulsions of a capitalist economy. What joins the two tracks together is desire of the elected officials of the state to use the revenues from a private business-centred economy to finance a welfare and developmental state. In addition, the vast expanding developmental activities of the state—infrastructure like roads, railways, ports—export subsidies, building new sectors such as biotech, solar energy, and technical textiles—requires business as partners; they fuel diverse types of economic activity and their revenues enable the fast expanding welfare state. Simultaneously, businesses seek numerous rents and concessions in the shadow of a new developmental state as the example of Vijay Mallya attests (Sinha 2019). Business and economic activities to fuel and fund a fast-growing demand for economic and social services is the missing link that connects the two tracks—electoral and policy—together. This link explains how a durable electoral coalition between political and business actors may be forming, and even consolidating. This collaboration may not create a ‘virtuous’ circle but a shared interest in economic growth means it is not a predatory coalition.

When assessing the quality of Indian democracy, the extent of the business MP cohort and power of business needs attention. Discussions of consociational democracy raise the issue of sharing of power between different ascriptive groups, and many of these groups are under-represented and excluded in contemporary India (Adeney 2015). However, the over-representation of wealthy, private-sector oriented law makers needs more discussion.<sup>8</sup> In addition to issues of descriptive representation there are questions about the partiality of legislators when it comes to exercising popular sovereignty. The work of MPs in committees, their interactions with ministers and bureaucrats are difficult to scrutinise and hold to account. Business interests are not catalogued, conflicts of interest are barely regulated. The



findings reported here will be central to further the development of parliamentary integrity systems, in India and elsewhere.

### **Acknowledgements:**

The initial draft of this paper received constructive feedback from participants at the PSA Annual workshop 2019. We are very grateful for insightful comments from K.C. Suri, Mark Wickham-Jones, reviewers, conversations with Roland Blomeyer and research assistance and data collection from Nandeeni Patel.

### **References**

- Adeney, K. (2015). A move to majoritarian nationalism? Challenges of representation in South Asia, *Representation*, 51, no. 1, 7-21.
- Ahmed, F. U. 2019. Money politics and the Structural power of business in the political economy of Bangladesh, *The Asia Dialogue*, July 25, 2019, Retrieved from: <https://theasiadialogue.com/2019/07/25/money-politics-and-the-structural-power-of-business-in-the-political-economy-of-bangladesh/>
- Ahmedabad Mirror. (2017). Manmohan Singh breaks silence, Narendra Modi remains circumspect. *The Ahmedabad Mirror*. 12 December, 2017. Retrieved from <https://ahmedabadmirror.indiatimes.com/ahmedabad/cover-story/manmohan-singh-breaks-silence-narendra-modi-remains-circumspect/articleshow/62029311.cms>
- Asian Age. (2018). Not scared to be seen with businessman: PM Narendra Modi. *The Asian Age*. July 30. Retrieved from <https://www.asianage.com/india/all-india/300718/not-scared-to-be-seen-with-businessman-pm-narendra-modi.html>
- Business Standard. (2019). 'Ruling BJP got 95% of funds: Why there's an uproar over electoral bonds. Retrieved from [https://www.business-standard.com/article/current-affairs/ruling-bjp-bags-95-of-funds-why-there-s-an-uproar-over-electoral-bonds-119040500309\\_1.html](https://www.business-standard.com/article/current-affairs/ruling-bjp-bags-95-of-funds-why-there-s-an-uproar-over-electoral-bonds-119040500309_1.html)
- Business Today. (2019b). Slowdown Blues: India's GDP tanks to 5.8% in march quarter, loses fastest growing economy tag to China. *Business Today*. May 31, 2019. Retrieved from <https://www.businesstoday.in/current/slowdown-blues/gdp-india-fall-march-quarter-q4-fy-2018-19/story/352601.html>
- Bardhan, P. (1999). *The Political Economy of Development in India*. Expanded Edition with an epilogue on the political economy of reform in India. Oxford: Oxford University Press.

Baru, S. (2000). Economic policy and the development of capitalism in India: the role of regional capitalists and political parties. In F. Frankel, Z. Hasan, R. Bhargava, and B. Arora (Eds.), *Transforming India* (pp. 207-230). New Delhi: Oxford University Press.

Chandra, K. (2015). The New Indian State: The Relocation of Patronage in the Post-Liberalization Economy. *Economic and Political Weekly*, vol., 50, no. 4, 46-58.

Chibber, V. (2003). *Locked in Place: State-Building and late Industrialization in India*. Princeton, N.J: Princeton University Press.

Corbridge, S. & Harriss, J. (2000). *Reinventing India: Liberalization, Hindu Nationalism and Popular Democracy*. Cambridge: Polity.

Damodaran. H. (2008). *India's New Capitalists: Caste, Business and Industry in Modern Nation*. New Delhi: Permanent Black.

Economic Times. (2019). Against crony capitalism, not corporates: Rahul Gandhi. 4 May Retrieved from <https://economictimes.indiatimes.com/news/politics-and-nation/against-crony-capitalism-not-corporates-rahul-gandhi/articleshow/69169966.cms?from=mdr>

Evans, P. (1995). *Embedded Autonomy: States and Industrial Transformation*. Princeton, N.J: Princeton University Press.

Farooqui, A. & E. Sridharan. (2014). Incumbency, internal processes and renomination in Indian parties. *Commonwealth & Comparative Politics*, vol. 52, no. 1, 78-108.

Financial Times (2019b), Narendra Modi cannot take backing of Indian business for granted. 1 May. Retrieved from <https://www.ft.com/content/13d4cc00-6861-11e9-9adc-98bfd35a056>

Gorter, P. (1996). *Small Industrialists, Big Ambitions*. Delhi: Oxford University Press.

Government of India. (2017-2018). *Economic Survey*. New Delhi: Ministry of Finance, GOI Press.

Harriss, J. and Wyatt, A. (2019). Business and Politics: The Tamil Nadu Puzzle. In C. Jaffrelot, A. Kohli, & K. Murali (Eds.), *Business and Politics in India* (pp. 234-259). New York: Oxford University Press.

Harriss-White, B. (2008). *Rural Commercial Capital: Agricultural Markets in West Bengal*. New Delhi: Oxford University Press.

Herring, R. (1999). Embedded Particularism: India's Failed Developmental State. In Meredith Woo-Cumings (eds.), *The Developmental State*, (pp. 306-334). Ithaca: Cornell University Press.

Hsueh, R. (2012). China and India in the Age of Globalization: Sectoral Variation in Postliberalization Reregulation. *Comparative Political Studies*, vol. 45, no. 1, 32-61.

Jaffrelot, C., Kohli, A., & Murali, K. (Eds). 2019. *Business and Politics in India*. Oxford: Oxford University Press.

Jaffrelot, C. (2019). Business-Friendly Gujarat Under Narendra Modi: the Implications of a New Political Economy. In C. Jaffrelot, A. Kohli, & K. Murali (Eds.), *Business and Politics in India* (pp. 211-233). New York: Oxford University Press.

Jenkins, R. (2004). The ideologically embedded market: Political legitimation and economic reform in India. In M. Bevir and F. Trentmann (Eds.), *Markets in Historical Context: Ideas and Politics in the Modern World* (pp. 201-223). Cambridge: Cambridge University Press, 2004.

Jenkins, R. (1999). *Democratic Politics and Economic Reform in India*. Cambridge: Cambridge University Press.

Jha, P. (2017). *How the BJP Wins: Inside India's Greatest Election Machine*. New Delhi, Juggernaut.

Kochanek, S. (1974). *Business and Politics in India*. Berkeley: University of California Press.

Kochanek, S. (1987). Briefcase politics in India: The Congress party and the business elite. *Asian Survey*, vol. 27, no. 12, 1278-1301.

Kohli, A. (2012). *Poverty amid Plenty in the New India*. New York, NY: Cambridge University Press.

Mathur, Kuldeep. 2014. 'Business, Policy Spaces, and Governance in India.' In D. Drache & L. A. Jacobs. (Eds.). *Linking Global Trade and Human Rights*, (pp. 153-173). Cambridge: Cambridge University Press.

Mohan, A. (2019). PM Modi to Head Two New Cabinet Committees on economy, employment. *Business Standard*, June 6, 2019. Retrieved from [https://www.business-standard.com/article/economy-policy/pm-modi-to-head-two-new-cabinet-committees-on-economy-employment-119060600040\\_1.html](https://www.business-standard.com/article/economy-policy/pm-modi-to-head-two-new-cabinet-committees-on-economy-employment-119060600040_1.html)

Mukerji, R. (2014). *Globalization and reregulation: Ideas, Interests, and Institutional Change in India*. New Delhi: Oxford University Press.

Murali, K. (2019). Economic Liberalization and the Structural Power of Business. In C. Jaffrelot, A. Kohli, & K. Murali (Eds.), *Business and Politics in India* (pp. 25-49). New York: Oxford University Press.

Myrdal, G. (1968). *Asian Drama: An Inquiry into the Poverty of Nations*. New York: Twentieth Century Fund.

Naseemullah, A. (2017). *Development After Statism: Industrial Firms and the Political Economy of South Asia*. Cambridge, United Kingdom: Cambridge University Press.

Przeworski, A. (1990). *The State and the Economy Under Capitalism*. London: Hardwood Academic Publishers.

Rudolph, L. & Rudolph, S. (1987). *In Pursuit of Lakshmi: the Political Economy of the Indian State*. Chicago: University of Chicago Press.

Rudolph, L. & Rudolph, S. (2001). Iconisation of Chandrababu: Sharing Sovereignty in India's Federal Market Economy, *Economic and Political Weekly*, vol. 36, no. 18, 1541-1552.

Schneider, B. R. (2013). *Hierarchical Capitalism in Latin America*. Cambridge: Cambridge University Press.

Sinha, A. (2005). *The Regional Roots of Developmental Politics in India: A Divided Leviathan*. Indiana: Indiana University Press.

Sinha, A. (2010). Business and Politics. In N. Gopal-Jayal and P.B. Mehta, (Eds.), *Oxford Companion to Politics in India* (pp. 459-476). New Delhi: Oxford University Press.

Sinha, A. (2016a). *Globalizing India: How Global Rules and Markets Are Shaping India's Rise to Power*. Cambridge: Cambridge University Press.

Sinha, A. (2016b). Why Has 'Development' Become a Political Issue in Indian Politics? *Brown Journal of World Affairs*, Vol. XXIII, no. 1, Fall-Winter 2016, 89-203.

Sinha, A. (2019). India's Porous State: Blurred Boundaries and Evolving Business-state relationship. In C. Jaffrelot, A. Kohli, & K. Murali (Eds.), *Business and Politics in India* (pp. 50-92). New York: Oxford University Press.

Sridharan, E. and M. Vaishnav (2018). Political Finance in a Developing Democracy. in D. Kapur & M. Vaishnav (Eds.), *Costs of Democracy: Political Finance in India* (pp.15-35). New Delhi, Oxford University Press.

Suri, K. C. (2006). Political economy of agrarian distress, *Economic and Political Weekly*, vol. 41, no.16, 1523-1529.

Times of India (2018). My sons' business clocks Rs 11,00 crore turnover: Gadkari. 5 February. Retrieved from <https://timesofindia.indiatimes.com/city/nagpur/my-sons-business-clocks-rs-1100-crore-turnover-gadkari/articleshow/62781605.cms>

Upadhyay, C. (1988). The Farmer-Capitalists of Coastal Andhra Pradesh—I. *Economic and Political Weekly* vol. 23, no. 27, 1376-82.

Vijayabaskar, M. and A. Wyatt (2013). Economic Change, Politics and Caste: The Case of the Kongu Nadu Munnetra Kazhagam, *Economic and Political Weekly*, Vol. 48, No. 48, pp. 103-111.

Witco, C. and S. Friedman. (2010). Business backgrounds and congressional behaviour. *Congress and the Presidency* vol. 35, no. 1, 71-86.

Wyatt, A. (2017). *India's Entrepreneurial Politicians and their Political Capital*, Mimeo, University of Bristol.

Wyatt, A. (2019). Populism and Hindu Nationalism in India. Mimeo, University of Bristol.

<p>Professor Aseema Sinha Wagener Chair of South Asian Politics and George R. Roberts Fellow Department of Government Claremont McKenna College 850 Columbia Avenue, Claremont, CA 91711, USA aseema.sinha@cmc.edu</p>	<p>Dr Andrew Wyatt, Tel. 44-117-9288477 School of Sociology, Politics and International Studies University of Bristol, 11 Priory Road, Bristol, BS8 1TU, UK a.k.j.wyatt@bristol.ac.uk</p>
<p>Dr. Aseema Sinha is the Wagener Chair of South Asian Politics and George R. Roberts Fellow at Claremont McKenna College in California, USA. She is the author of <i>The Regional Roots of Developmental Politics in India: A Divided Leviathan</i> (Indiana: Indiana University Press, 2005) Her latest book titled, <i>Globalizing India: How Global Rules and Markets are Shaping India's Rise to Power</i> was published by Cambridge University Press (2016).</p>	<p>Andrew Wyatt is Senior Lecturer in Politics at the University of Bristol, UK. His research interests lie in the areas of caste, money politics, populism and political parties. His publications include <i>Party System Change in South India</i> (2009) and <i>Contemporary India</i> (2010) (the latter co-authored with Katharine Adeney)</p>

---

<sup>1</sup> The numbers involved in business are higher than shown in tables 1 and 2. A number of candidates have been careless in describing their occupation or neglected to mention business interests. This means that in some states at least, the numbers of MPs with business backgrounds exceeds 50% (this is true of Andhra Pradesh and Maharashtra).

<sup>2</sup> Many of the business MPs elected to the Lok Sabha invest in real estate companies. This nexus is particularly evident in Andhra Pradesh and Karnataka.

---

<sup>3</sup> For example, 14 Indian state’s legislatures-assemblies—had 30-50 percent business occupations in the assembly and 8 more had 20-30 percent business representation. 22 out of 29 states had significant and higher than the national legislative representation in their state-level legislative bodies (Sinha 2019).

<sup>4</sup> For example, Modi was observed at a relatively small meeting in Ahmedabad in December 2017 as follows: ‘In an unusual step, he took the names of Adani, Ambani, Nirma, Zydus, Lalbhai and Sarabhai and even certain newspaper proprietors to say that whatever he was doing did not in any way benefit these “rich” people but only the poor of the country’ Ahmedabad Mirror (2017).

<sup>5</sup> Prime Minister Modi’s opponents continued to criticise his business connections and closer to the election sought to connect him to wealthy businessmen, such as Vijay Mallya and Nirav Modi, who have defaulted on bank loans. A photograph from the 2018 WEF which included both Narendra Modi and Nirav Modi (and multiple other business leaders) was used as propaganda by the opposition. Allegations of crony capitalism were thrown at the government. Rather defensively Narendra Modi declared in July that he was not afraid to stand in public with industrialists because he had honest intentions and valued the contribution of business to the development of the nation (The Asian Age 2018). Later in 2018, Rahul Gandhi and Congress began to allege that the Rafale contract was an example of crony capitalism.

<sup>6</sup> Each candidate has to submit an affidavit (on Form 26) which provides information on their assets, liabilities, education, criminal records and occupation.

---

<sup>7</sup>These data are calculated by the authors after viewing 856 affidavits submitted to the ECI by BJP and Congress candidates. The affidavits can be viewed at: <http://www.myneta.info/LokSabha2019/>

<sup>8</sup>As mentioned in endnote one, the number of business MPs from certain states exceeds 50%.