

Mode of Production *and* Modes of Deception and Self-Deception¹

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“On the question of using dialectics in the study of objective phenomena, Marx and Engels, and likewise Lenin and Stalin, always enjoin people not to be in any way subjective and arbitrary but, from the concrete conditions in the actual objective movement of these phenomena, to discover their concrete contradictions, the concrete position of each aspect of every contradiction and the concrete interrelations of the contradictions. Our dogmatists do not have this attitude in study and therefore can never get anything right. *We must take warning from their failure and learn to acquire this attitude which is the only correct one in study.*” (Mao, *On Contradiction*)

“On the other hand, it is always necessary to proceed from reality, maintain close contact with the masses, constantly sum up the experience of mass struggles, and independently work out and apply policies and tactics suited to the conditions of one’s own country. Errors of dogmatism will be committed if one fails to do so, *if one mechanically copies the policies and tactics of another Communist Party, submits blindly to the will of others or accepts without analysis the programme and resolutions of another Communist Party as one’s own line.*” (CPC, *A Proposal Concerning the General Line of the International Communist Movement*, 1963)

A seminar on the topic of “Revolution in Indian Subcontinent: Understanding Modes of Production and Relations of Production” is an important endeavor. *New Socialist Praxis (NSP)* conveys its revolutionary greetings to *Nuthana Keratam* and *Communist Collective* for taking the initiative to host a discussion on such an important question. Today, if there is one principal question related

¹ This paper was presented by Com. Jayaprakash on behalf of the New Socialist Praxis in a 2-day seminar on *Revolution in the Indian Subcontinent: Understanding Modes of Production and Relations of Production*, organized by *Nuthana Keratam* and *Communist Collective* on 9-10 August

to revolution in India, it is the question of understanding the character of the state, the dominant mode of production and relations of production and the social formation as a whole. One cannot correctly analyze a society without a sound understanding of the forces and relations of production which occupy the dominant position in it. How can one hope to lead social change if their understanding of that very society is flawed? Without an understanding of the nature of the society we are living in, without the knowledge of who to ally with, and who to fight against, it is impossible for the revolutionary movement to progress. In fact, it will only lead to a stasis and eventual decline. That is precisely why the principal task facing Indian revolutionary communists today is to develop a scientific understanding of the prevalent mode of production and social formation. All the other pressing tasks, including the fight against fascism, can be fulfilled in a consistent fashion only with this correct understanding.

All of us agree with the fundamental principle that change is the only constant. We, however, often forget this principle while understanding the world around us. In the 1950s, 1960s, and 1970s, various communist forces had difference of opinion on the mode of production and production relations prevalent in India at the time. It was relatively natural for that time. It is usually difficult to scientifically grasp a change when it is underway or is quite recent. Observation follows the change and expression of the observation tails the observation itself.

However, failing to recognize and understand this change and amend one's praxis based on it, even now, half a century later, is definitely a question of life and death. In fact, the period between 1969 and 1981 saw an in-depth debate on the mode of production in India. Well-known political economists such as Ashok Rudra, Utsa Patnaik, Hamza Alvi, Jairus Banaji, Paresh Chattopadhyaya, AK Frank and others participated in this prolonged debate that mainly appeared on the pages of the *Economic and Political Weekly (EPW)* and elsewhere, too. More than forty years have passed since. Most of the participants of the debate agreed that capitalist relations were getting stronger in India. Whether feudal remnants still existed in India or not, if they did exist, how strong these remnants were, if they were indeed strong, would it be correct to characterize the social formation as capitalist, were the questions that were discussed. The four decades that followed witnessed many significant changes. Some of them are still underway. A number of communist groups and organizations, however, remained unmoved by these changes and debates. These parties and groups remain stuck at the fundamental positions of the 1960s and 1970s,

though, even then, it is highly questionable how correct those positions had been. That is also one of the reasons why this current debate assumes so much importance.

I. Understanding the Character of the Social Formation and the Dominant Mode of Production: The Foundation of Marxist Revolutionary Praxis

We are aware of the fact that the basis of production in the society, the relations of production (that is, the relations of ownership and distribution and the division of labour) and the forces of production (the measure of the capacity of human beings to transform nature in a revolutionary way) and their dialectical contradiction determines the character of the dominant mode of production. In every society, the state plays the role of preserving and maintaining the dominant relations of production. Under feudalism, feudal lords exercised complete control over land in various ways and enjoyed absolute political authority. The entire surplus labour of the direct producers, that is, the dependent peasants and serfs, who tilled the land, was appropriated by the feudal landlords, through extra-economic coercion shaped by ties of inter-dependence, religion, convention, and political force. The artisans and handicraftsmen were fettered by what Marx had termed as ‘the feudal organization of industry’², namely, the guild system which controlled the conditions of labour, remuneration, prices, etc. and subjugated to the rule of feudal lords. The feudal state in its various forms (from the absolute monarchy to the parcellized model) underlined these dominant relations of production in one way or the other.

On the contrary, the case of capitalist mode of production is completely different. Under capitalist agriculture, the entire surplus labour is not appropriated by the landlord, it is appropriated by the capitalist farmer (owner or tenant) and the surplus profit over and above the average rate of profit is handed over by the tenant capitalist farmer to the capitalist landlord, or, if the capitalist farmer himself is the owner of the land, is pocketed by the capitalist farmer as ‘extraordinary’ profit in the conditions of private monopoly ownership of land. Except the worst quality of land in terms of fertility as well as the intensity of capital investment, the differential rent, too, is generally handed over to the landlord. Industry is organized on the capitalist basis, rather than the guild system, where capital flows across branches of production based on *the movements of profitability* and leads to the formation of the average rate of profit and the prices of production. *Profitability*,

² Marx, Karl. 2021. *Poverty of Philosophy*, Foreign Languages Press, Paris, p. 133

in general, regulates the social production. The capitalist state plays the role of underlining and protecting the capitalist relations of production by collectivizing *the long-term general political class interests* of the bourgeoisie and atomizing the workers as bourgeois citizens in order to reproduce them as subjects. It is important to discuss these basics, too, as the fundamental question that we are addressing here is precisely whether the current system in India is capitalist or not.

Understanding the Dominant Mode of Production as the Central Question of Determination of Program: The debate on the mode of production in India is not an academic endeavor for Marxists. It is the guide to revolutionary praxis. Only a clear understanding of the mode of production can provide clarity about the various social classes, their relative position in the present social formation, and consequently the strategic class alliance for the revolution, in other words, regarding the determination of the program of revolution. Communists cannot lead the class struggle without this fundamental understanding. This is what Mao meant when he said “Who are our enemies? Who are our friends? This is a question of the first importance for the revolution.”³ If one does not arrive at a proper understanding regarding the dominant mode of production, there is a fairly good chance of mistaking our enemies for our friends. In other words, every word spoken and every task undertaken by communists must be grounded in concrete class analysis. Only an understanding of the dominant mode of production and its articulation with other modes of production in the social formation can form the basis of such a class analysis. That is the reason why a scientific understanding of the dominant mode of production is the most important precondition for communist praxis in every country.

Program of Indian Revolution as an Unsettled Question for the Communist Movement: The communist movement, even after a hundred years of existence in India, has failed to arrive at a consensus regarding an important question. The communist movement is yet to reach a consensus on the identification of the enemy. The enemy in the class struggle changes depending on the character of the state and whether the mode of production or social formation is feudal, semi-feudal and semi-colonial⁴, or capitalist. One does not need to explain the consequences of jumping into

³ Mao Tse-tung. 1965. *Selected Works of Mao Tse-tung, Vol. 1*, Foreign Languages Press, Peking, p. 13

⁴ which is not a mode of production *per se* but a mode of expression explaining the specific social formation, that is an articulation of various modes of production, which emerges under the particular conditions of the rule of a big comprador and bureaucratic bourgeoisie, linked with feudal landlords and dependent upon imperialism; this is not a particular mode of production because it is not characterized by a new mode of surplus extraction but by the dominance of feudal mode of surplus extraction in agriculture and by unequal exchange by the commercial, usurious and bureaucrat capitalist class, in non-agricultural

battle without a clear understanding of who the enemy is! Today, in India, we can find organizations, groups and independent Marxist-Leninists representing three broad streams of thought on this question.

One stream argues that the mode of production in India is semi-feudal semi-colonial based on the exploitation and oppression by feudal landlords, imperialism and comprador bourgeoisie, while the second looks at India as a neo-colony with declining feudal remnants in varying degrees. The latter accepts that feudal relations in agriculture have, mainly and essentially, declined. However, the country is not free from national oppression by imperialism through a comprador bourgeoisie. In terms of strategic class alliance, there is a very important similarity between these two streams. Both of them look at the classes of “national”/non-monopoly/small capitalists and rich/capitalist farmers and kulaks as allies of the revolutionary movement aimed at national democratic revolution.

The third stream identifies the dominant mode of production in India today as capitalist and argues that the capitalist class as a whole, including the rich farmers and small capitalists, are the enemy classes. This stream characterizes India as *a relatively backward capitalist country*, with negligible feudal remnants.

As a consequence, the question of the program of Indian revolution remains unresolved *for* the revolutionary communist movement in India. Therefore, settling the question of the character of the state, the dominant mode of production, the strategic class alliance and the stage of revolution is the most important question for us.

II. Identification and Characterization of the Dominant Mode of Production and Social Formation: Some Methodological Questions

Since the main question of the debate is whether the mode of production in India today is capitalist or not, let us first examine the basis on which we can affirm if a social formation is capitalist.

The Question of the Character of the State: The first and foremost question is that of *the state*. It is the character of the state which determines the *political* character of the social formation and the stage of revolution. Lenin pointed out time and again that the question of revolution is the

production on the one hand, and colonial loot and plunder by imperialism, which is only a form of primitive accumulation, on the other.

question of the state⁵. It is, therefore, possible that capitalist relations have become dominant in the society and yet the stage of revolution is democratic, if the state is still aristocratic, feudal, or pre-capitalist. That was the case with Russia before the February Revolution of 1917. On the contrary, we can have a case where a politically-independent bourgeoisie comes to power *before* capitalist transformation of the economy has become complete. In such cases, it is only a matter of time when capitalism becomes the dominant mode of production in the entire economy because the orientation of development has been politically-determined. In any case, the character of the state is determined by the class which is in possession of the state. Is it feudal aristocratic class? Is it a comprador commercial and big bureaucratic bourgeoisie, in alliance with the feudal classes and totally dependent upon imperialism? Or, is it an industrial-financial bourgeoisie?

Capitalist Mode of Production and Relations of Production: In terms of production relations and mode of production, Lenin broadly defines capitalism as

“...commodity production at its highest stage of development, when labour-power itself becomes a commodity. The growth of internal exchange, and, particularly, of international exchange, is a characteristic feature of capitalism. The uneven and spasmodic development of individual enterprises, individual branches of industry and individual countries is inevitable under the capitalist system.”⁶

A society can be identified as capitalist when overwhelming majority of social production takes the form of commodity production centered around *capital-relation*, production is based on the buying and selling of labor-power (both physical and mental), and the surplus labour and surplus product assumes the form of surplus value, which is appropriated by the capitalist class through economic mechanisms in the main, rather than extra-economic coercion. During the course of capitalist development, old modes of production might continue in different forms, in articulation with the capitalist mode of production itself. Once capitalist relations of production enter a country, they necessarily expand into all sectors of its economy which stems from the very nature of capital, and when capitalism establishes itself as the dominant mode of production, older modes of production gradually cease to exist or transform and subordinate themselves to the new mode of

⁵ Lenin, V. I. 1977. 'One of the Fundamental Questions of the Revolution', *Collected Works, Vol. 25*, Progress Publishers, Moscow, p. 377

⁶ Lenin, V. I. 1985. *Collected Works, Vol. 22*, Progress Publishers, Moscow, p. 240-241

production. This has been proven right everywhere in history and one can see this process unfolding even today.

Capitalist Agriculture: We have discussed that under capitalism, the majority of production assumes the form of commodity production and capital-relation has been established. We need to probe the same in case of Indian agriculture. When the major part of agricultural production is aimed at the market, when the agricultural working class that sells its labor-power plays the central role in production, and—most importantly—when *capitalist ground-rent replaces feudal ground-rent*, we must admit that it is capitalist agriculture. Under feudalism, there is no intermediate capitalist tenant farmer class between the landlord and the direct producer that leases land from the landlord, exploits wage-labour to appropriate surplus value. The feudal lord himself appropriates all the surplus labor of the peasants, in labour-form, in kind or in money-form. In capitalist agriculture, however, a capitalist tenant farmer leases land from the capitalist landlord and exploits the labour power of the agricultural workers to appropriate the surplus value. Or, as the dominant case in India is, most of the capitalist farmers are themselves the owners of the land. In the first case, the capitalist tenant farmer has to pay a part of this surplus value to the capitalist landlord in the form of capitalist ground-rent. It becomes possible because the monopoly ownership of land prevents the free flow of capital into the agricultural sector and thus obstructs the averaging of the rates of profit; as a consequence, due to lower organic composition in agriculture, the rate of profit is higher in the agricultural sector and gives, what Marx calls, a ‘surplus profit’ to the capitalist tenant farmer which is over and above the average rate of profit of the economy. *It is precisely this surplus profit which is appropriated by the capitalist landlord as absolute ground-rent.* Differential rent due to differentials in productivity and location of land as well as due to differentials in the intensity of capital investment, if any, is also appropriated by the capitalist landlord. In the second case also, where the capitalist farmer is owner of the land as well, there exists a ‘surplus profit’ if there is private monopoly ownership of land *in general*. However, in his/her case it does not assume the form of ground-rent and it is pocketed by the capitalist owner farmer as extraordinary profit. We see both these cases in India. Besides, there is the case of MSP, which is nothing but a political monopoly price determined by the state to give ‘surplus profit’ to the class of capitalist tenant and owner farmers as well as the capitalist landlords.⁷ Thus, in Indian

⁷ For elaboration on the Indian case, please see: Sinha, Abhinav. 2024. *For a Proletarian Line*, Rahul Foundation, Lucknow, please see the entire second part of the book, p. 139-409

case, the absolute and differential rents are aggregated with monopoly rent, accruing to the agrarian bourgeoisie.

Once capitalist agriculture emerges, a clear division of the rural population into capitalist landlords, capitalist farmers, capitalist tenant farmers, middle peasants (who do not sell their labour-power, work the fields with family labour and also are not regular exploiters of labour-power and therefore engage in simple commodity production) and small and marginal peasants (who engage in small commodity production just like the middle peasants, but now have become semi-proletariat because cultivation is no longer their principal mode of livelihood, it is wage-labour now), and agricultural workers also comes into existence.

Phrases such as “capitalist agriculture”, and “capitalist farmer” are conspicuously absent from most of our political literature, debates, propaganda and agitations even today, in 2025. Marx explained how ‘capitalist farmers’ came into existence in England by the end of the 16th century in the 29th chapter of Capital volume 1, titled “Genesis of the Capitalist Farmer”. Marx discusses capitalist agriculture and capitalist ground-rent throughout the sixth part of Capital volume 3 (Chapter 37-47). Lenin also discusses capitalist agriculture thoroughly in his *Development of Capitalism in Russia*. Kautsky elucidates how capitalist agriculture can spread in different ways in different countries, and how small peasants, along with various forms/remnants of older modes of production continue to exist beside capitalist agriculture in *The Agrarian Question*. He had not yet turned "renegade" at the time of writing this work. Even Lenin regarded this work as one of the greatest works on political economy after Capital. *New Socialist Praxis (NSP)* has already discussed the concepts of capitalist agriculture and capitalist ground-rent in detail in another work published in 2023.⁸

Capitalist Industry: As far as the manufacturing and services sectors are concerned, hardly anyone would argue that they are still stuck in the feudal organization. Few people argue that services belong to unproductive labour and therefore should not be considered while probing the character of mode of production. Such argument smacks of utter ignorance of the basics of Marxist political economy. First of all, entire services sector does not belong to unproductive labour. Except banking, insurance, financial services, brokering, etc., most of the services are actually *intangible*

⁸ Jayaprakash. 2023. ‘The Question of Determination of Program of Indian Revolution and the Inanities of CPM’, *Anvil*, No. 7, March 2023

commodity production. Secondly, development of finance capital is a symptom of developed capitalist mode of production itself. As Marx had pointed out, only the plethora of capital which cannot be invested profitably⁹ goes into finance and speculation. In India, financial sector is *not* characterized by pre-capitalist usury. Over-financialization, too, only points to the crisis of profitability, instead of some pre-capitalist relic.

This much is clear: industry and manufacturing in general, as well as, mining, metallurgy and quarrying, transport and all other services which belong to productive labor, are not organized along the lines of guild system, or the feudal organization of industry. Here, capital flows across branches according to the movements of profitability, averaging of the rates of profit takes place and profitability plays the role of regulator of production and the social division of labor.

Secondly, for those who see India as a dependent peripheral country dependent upon the core countries, supplying them merely with agricultural goods, raw material and intermediate goods, we must reiterate that the exports of India clearly show that *India is not a peripheral semi-colonial or neo-colonial economy exporting merely raw materials and agricultural goods*. In fact, the overwhelming majority of Indian exports is finished goods, including electronic, engineering, and other manufactures, as we shall see later in this essay.

III. The Trajectory of Indian Capitalist Development

If we apply the fundamental yardsticks to determine the mode of production discussed so far, to today's situation, it becomes undeniably clear that India is, indeed, a capitalist country. Let us take a closer look at the details. It is amply clear that, in addition to the manufacturing and services sectors, capitalist commodity production has permeated every pore of Indian agriculture, too, and is now present throughout the country. The expansion of capitalist relations into even the remotest areas of the country, the consequent class differentiation, the transformation of the majority of population into wage-laborers, control of the capitalist class over the domestic market, and its pursuit of a greater share in international markets—all of these together clearly show that capitalism has spread extensively in India. Let us take a closer and deeper look at the capitalist production relations that have become entrenched in various sectors of the economy, the resulting

⁹ Marx, K. 1981. *Capital*, Vol. 3, Penguin, London, p. 359

class divisions, and the altered political situation of class struggle, while broadly examining the historical evolution of capitalist mode of production.

A Very Brief Note on the Historical Trajectory of Development of Capitalism in India:

Without going into the discussion on the potentialities of capitalist development in the pre-colonial India, let us note that the mercantile capitalist class had grown in strength during the colonial times and gradually metamorphosed into an industrial capitalist class under particular economic conditions and political situation since the 1890s itself and especially during and between the two World Wars. This capitalist class had gradually been able to articulate and formulate its politico-economic demands under the political leadership of the Congress. In 1939, the National Planning Committee, led by Jawaharlal Nehru, created the first plan for capitalist development in the country, which reveals the vision of the Indian bourgeoisie if nothing else. The Tata-Birla Plan (Bombay Plan), released in 1944, took this exercise of planning much further and developed its vision of post-independence economic development. It was as part of the implementation of this plan—based on the will of the capitalists and aimed at serving their interests—that the capitalist public sector was established in India after the independence. It is with the express facilitating role of the capitalist state that capitalist relations of production developed steadily in all sectors of the economy. As the aims expressed in the plan of state-led industrialization and economic development based on import-substitution and strict protectionism were broadly fulfilled, a saturation point was gradually reached. This was manifested in the first serious crisis of accumulation in the late-1960s and then a series of crises since the 1960s. It was against this backdrop that neoliberal policies were inaugurated, which began as ‘liberalization by stealth’ in the 1980s, and then took a qualitative leap with the economic reforms of 1991.

However, it is noteworthy that the Indian bourgeoisie did not implement the policies of liberalization, privatization and globalization in the way in which the bourgeoisie in certain Latin American countries did, increasing latter’s dependence on imperialism. Here it was done in a very gradualist and measured fashion. Strict protectionism was given up for *selective and measured protection* and opening up of the market and economy in a gradual fashion with the interests of the Indian capitalist class in command. It is not without reason that the protective tariffs of India are still among the highest in the world and that is why it is one of the bones of contention between the Trump administration of the US and India at present. The Indian bourgeoisie kept its own interests in command and liberalization was not imposed on it one-sidedly by the Bretton Woods

institutions, but was its own requirement. It was precisely this demand that the Indian bourgeoisie had been raising since the 1980s itself: opening up and the ‘ease of doing business’.

After nearly four decades of what the political economists have termed as “regulation accumulation”, the Indian capitalist class was in the position to slowly and gradually open the flood gates, enter in the collaborations with capitalist firms of advanced capitalist countries, offer its distribution networks and market in return of eventual transfer of technology. It was precisely these measured steps towards the liberalization of Indian economy that led to the emergence of major Indian multinationals. For instance, 57 percent of Indian two-wheelers market is controlled by three Indian multinationals, Hero Motocorp, Bajaj, and TVS, which flourished precisely through such collaborations. Similarly, Mahindra & Mahindra and Tata are the fastest growing car companies in India controlling almost 27 percent of Indian car market. Tata, Bajaj and Mahindra are also increasing their market share in the international market and taking over major companies in imperialist countries as well. In textile industry, too, the top companies are Indian-owned. Arvind Mills, Vardhaman Group, Welspun India Ltd, Raymond Ltd, and Trident Group are the top 5 textile companies, all Indian companies. The same is true in the context of readymade garments sector as well. These are some of the most important sectors of Indian manufacturing.

Overall, the biggest gainers from the implementation of neoliberal policies from the mid-1980s itself have been Indian companies, while the companies from imperialist countries have been secondary gainers in the Indian market. The reason was precisely the measured and gradualist approach of the Indian bourgeoisie in liberalization of the economy after almost four decades of state-led industrialization based on import-substitution and strict protectionism which allowed the Indian capitalist class to strengthen itself in order to be able to eventually compete in the national and international market. Still, the high protective tariffs imposed by the Indian bourgeoisie in most of the sectors of economy reveal this particular approach. The Indian bourgeoisie is partially dependent for capital and technology on imperialism *in general*, whereas it has a huge market, immense sources of cheap labour and raw materials which imperialism requires, especially in times of crisis of profitability. The Indian bourgeoisie has smartly bargained with imperialist countries, utilizing their internal competition and conflict, gained access to technology and capital while opening up its economy and market in a gradual fashion. This is what has been called as the ‘tight rope walking’ where the Indian bourgeoisie maintains its political independence by minimizing its partial economic dependence by maximizing its options due to the inter-imperialist

rivalry. It is evident in the present tariff dispute as well. *What we are witnessing in this unfolding drama of tariff war is not the behaviour of a comprador bourgeoisie, but a bourgeoisie which is 'junior partner' of imperialism in general (not this or that imperialist country), which allow imperialist loot and plunder of the country in a measured fashion while securing greater benefits for itself.* Thus, at the international level, it is a 'junior partner' in the appropriated surplus; however, at the national level, it maintains control over its home market and opens up its gates with its own interests in command, as quid pro quo, in exchange for capital and technology.

The four decades of neoliberal policies have only developed and strengthened the capitalist mode of production further. The end of the period of *dirigisme* and move towards gradual opening up, was not an aberration from the plan; *it was the plan*, as stipulated in the Bombay Plan itself. Nor was it one-sided imposition by imperialism; instead, it was the need of the Indian capitalist class itself, which wanted deregulation of labour and financial markets after four decades of "regulation accumulation" which allowed it to accumulate capital under protection.

Let us cast a cursory glance at some representative data.

In India, in the financial year of 2023-24, the share of manufacturing was 17.04 percent, share of trade, hotel, transport, communication and broadcasting is 18.3 percent (out of which it is only trade which strictly belongs to circulation rather than production), financial, real estate and professional services is 22.86 percent (out of which professional services include many occupations which are involved in capitalist commodity production), construction is 8.89 percent, mining and quarrying is 2.09 percent, electricity, gas, water supply and other utilities is 2.32 percent, whereas agriculture, forestry and fishing is merely 14.27 percent. This break-up clearly reveals the capitalist character of Indian economy.

The composition of exports of India, too, presents a revealing picture. In the financial year of 2024-25, the total non-petroleum exports of India were of the value of 374.08 billion US\$. Out of this, the electronic goods exports are of 38.58 billion US\$, Plastic and Linoleum exports are of 8.92 billion US\$, readymade garments are of 15.99 billion US\$, drug and pharmaceutical exports are of 30.47 billion US\$, engineering goods exports are of 116.67 billion US\$, processed foods exports are of 3.1 billion US\$, and carpet exports are of 1.54 billion US\$. These are neither raw materials nor intermediate goods in the main, but overwhelmingly finished products. We have excluded from this coffee, tea, tobacco, dairy exports which should have been included in this list, because

few might object that these are agricultural and allied sector exports. Thus, even if we add the above included elements of exports, of all non-petroleum exports (worth 374.08 billion US\$), finished and non-agricultural manufactured goods export account for nearly 216 billion US\$ (58 percent). Even though the mere fact of majority of agricultural products in exports itself would not have proven anything at all, *as long as we do not explain the mode of production through which these agricultural goods are produced*. Yet, the above statistical data regarding exports of India is revealing. Also, the trade deficit of India and the negative balance of payment, too, does not explain anything about the mode of production dominant in the Indian society. In June 2025, the US had a negative trade balance of -60.17 billion US\$.

These are certainly not the symptoms of a pre-capitalist economy, rather, they point to the dominance of capitalist mode of production. Moreover, the break-up of the exports clearly point to the fact that Indian economy is not a dependent peripheral semi-colony or neo-colony that merely exports raw material and intermediate goods. The crisis of profitability which plagues Indian manufacturing today is part of the crisis that engulfs the world capitalist economy in general, rather than the absence or insufficiency of capitalist development in India. In fact, the very nature of crisis reveals the capitalist character of Indian economy.

Indian Agriculture as Predominantly Capitalist Agriculture: As discussed earlier, the phrase, "capitalist agriculture" itself is novel to most people within the ML movement of India! Capitalist relations of production are not as readily visible in agriculture as they are in industry. In the industrial sector, the things are much clearer. This has led some, erroneously indeed, to mistake the dominance of agriculture in any economy as a symptom of its feudal or semi-feudal character, as if, the very productive activity of agriculture itself has something feudal about it! Anyhow, capitalist relations developing in the agricultural sector can be understood properly only after proper scientific investigation. It is no coincidence that the theory of ground-rent is one of the most complex and interesting parts of Marx's political economy. There is no other route to understand the essence of production relations in agriculture except by the study and application of Marxism. Before analyzing the expansion of capitalist relations of production in India's agricultural sector, let us first consider some of the observations made by Marx and Lenin regarding capitalist agriculture in their writings.

“This appearance of capital as an independent and leading force in agriculture does not take place all at once and generally, but gradually and in particular lines of production.”¹⁰

“Our Narodniks in most cases have been totally unable to digest Marx’s fundamental views on agricultural capitalism.”¹¹

“The home market for capitalism is created by the parallel development of capitalism in agriculture and in industry, by the formation of a class of rural and industrial employers, on the one hand, and of a class of rural and industrial wage-workers, on the other.”¹²

“By its very nature, capitalism in agriculture (as in industry) cannot develop evenly: in one place (in one country, in one area, on one farm) it pushes forward one aspect of agriculture, in another place another aspect, etc.”¹³

“It is utterly wrong to say that, owing to its specific features, agriculture is not subject to the laws of capitalist development. It is true that the specific features of agriculture hinder its subordination to the market; nevertheless, everywhere and in all countries the growth of commercial agriculture is proceeding apace. But the forms in which this formation of commercial agriculture takes place are indeed distinctive, and call for special methods of study.”¹⁴

The above quotations make it clear that it is entirely unscientific to believe that agriculture will remain immune to the spread of capitalist relations of production once they have entered a country. Lenin explained with ample examples in his work, *Development of Capitalism in Russia*, that the development of capitalist agriculture is a precondition for capitalists to develop a home market. Marx and Lenin have explained in various works that capitalist relations enter agriculture in different ways across different countries. They have proven beyond doubt as to how old relations of production and their remnants transform into capitalist relations of production. The same process unfolded in India without any exception. We have already mentioned the basic yardsticks to determine the development of capitalist relations in agriculture from capitalist ground-rent,

¹⁰ Marx, Karl. 1981. *Capital Vol. 3*, Penguin, London, p. 937

¹¹ Lenin. V. I. 1977. *Collected Works Vol. 3*, Progress Publishers, Moscow, p. 318

¹² *ibid*, p. 590

¹³ *ibid*, p. 314

¹⁴ Lenin. V. I. 1977. *Collected Works, Vol. 15*, Progress Publishers, Moscow, p. 133

wage-labor, differentiation of peasantry and creation of a home market. We will see that all these symptoms are clearly present in Indian agriculture.

Capitalist Transformation through a Particular Hybrid Version of Prussian Path: After the independence, the Indian ruling class did not implement land reforms in a revolutionary manner in the main. It lacked the sufficient political force to take on the feudal forces head-on at that time. Consequently, it enforced land reforms and established capitalist relations through a combination of various methods, but mainly through the *junker*-type reforms from above. Moreover, it strove to erect a class of capitalist farmers and capitalist tenant farmers since the 1960s itself. In certain parts, land was also confiscated from the non-compliant feudal lords and was redistributed. However, the *junker*-type transformation was the main tendency. Bringing about changes in land relations through *junker*-type reforms and giving erstwhile feudal landlords an opportunity to transform themselves into capitalist landlords was initially done in Prussia and was characterized by Lenin and others as the “Prussian Path”. In contrast, there was the “American Path” where the feudal lords were expropriated by the revolutionary bourgeoisie, or landlord economy itself did not exist historically, and radical redistributive land reforms were implemented¹⁵. In India, capitalist relations were introduced through the legal abolition of *zamindari*, recognition of tenants as independent farmers through land reform laws and granting them formal land rights, the poorly and partially-implemented land ceiling act, and redistribution of feudal properties in certain regions. In this process, many feudal landlords were given the opportunity to transform themselves into capitalist landlords. Those who failed to do so were eventually ruined. Through the Green Revolution, capitalist development in agriculture spread rapidly—first in Punjab and other parts of North India, and later in varied forms in Southern India.

The principal signs of capitalist agriculture dominate in India today: the character of ground-rent has clearly transformed into capitalist ground-rent, the largest chunk of agricultural population has been transformed into agricultural proletariat, the differentiation of peasantry has reached unprecedented limits, tenancy and especially its backward forms like share-cropping have become negligible elements of Indian agriculture, the share of marketed surplus for agricultural production is more than 80 percent and it is between 90 to 100 percent for the most important crops. Are these signs of pre-capitalist agriculture? Of course not! The state-wise variations are there, but even in

¹⁵ Lenin, V. I. 1972. *Collected Works, Vol. 13*, Progress Publishers, Moscow, p. 238-39

the worst performing and the most backward regions and states, we do not find feudal relations *per se*, but what Marx had termed as ‘simple peasant economy’. However, unlike Marx’s time, this simple peasant economy has become almost completely incorporated into the circuit of capital.¹⁶ The state-wise surveys of agrarian relations conducted by the *Review of Agrarian Studies (RAS)* reveal this truth clearly.

The agricultural crisis and the sharpening of contradictions in the countryside are only expressions of the contradictions of capitalism undergoing a protracted crisis. These contradictions have become particularly sharpened since the 1980s and especially since 1991.

Capitalist Agriculture is the Essence of Contemporary Reality: The contours of the agricultural sector in India have changed completely over the past seven and a half decades. In the 1950s, only 30–35 percent of total agricultural production was intended for the market; the majority of production was undertaken for personal consumption. By 2018-19, 83 percent of the production of major crops was intended for the market. It is estimated that this figure will reach 90 percent by 2025. This is an indisputable reflection of the generalized commodity production in the country. While agriculture accounted for nearly 70 percent of the GDP in 1950, its share had declined to just 17.8 percent by 2024. If allied sectors such as animal husbandry, forestry and fishing, which are organized purely on capitalist basis, are excluded, the share of agriculture in GDP falls even further to 13.9 percent. If horticultural and fruit crops are excluded, the share of agricultural crops in Andhra Pradesh’s GSDP amounts to just 3.73 percent.

This trend is clearly evident in agricultural sector employment as well. While agriculture and allied sectors accounted for nearly 75 percent of employment in 1950, its share had declined to 46 percent by 2024. If we consider just agriculture, it would fall further to 35 percent. All these details clearly point to the extent to which capitalist relations of production have penetrated agriculture. Class differentiation within the agricultural sector becomes even more evident when these statistics are examined closely. In 1950, 70 percent of those dependent on agriculture for employment were farmers who owned and cultivated land, while only 19 percent were landless agricultural workers. By 2024, in the agricultural population, the share of farmers had fallen to 40 percent, while the share of agricultural workers rose to 52 percent. This points to the process of a majority of rural

¹⁶ For elaboration, see, Sinha. Abhinav. 2024. *For a Proletarian Line*, Rahul Foundation, Lucknow, p. 139-350

population losing their land and turning into agricultural workers and intensification of class differentiation in the countryside. Out of India's 28 crore agricultural population, agricultural workers number around 15.4 crore. Close to 11 crore are small and marginal farmers who own less than two hectares of land (8.63 crore marginal farmers owning less than one hectare, and 2.23 crore small farmers). Approximately 1.5 crore are middle and capitalist farmers (Of these, about 1 crore are middle farmers owning 2-4 hectares, while capitalist farmers—those owning more than 4 hectares—make up roughly 50 lakhs). Despite comprising 86 percent of the farming population, small and marginal farmers own only 46 percent of total agricultural land. In stark contrast, upper-middle and rich farmers, who constitute just 4.37 percent of the farming population, control 29.23 percent of the land. Capitalist landlords (those owning more than 10 hectares) make up only 0.5 percent of farmers but own 9 percent of the land. Multiple surveys have shown that small and marginal farmers, who make up 65–85 percent of the farming population, earn more from wage labour than from their own cultivation.¹⁷

More importantly, the agriculture-focused National Sample Survey Report (NSS – Report No. 587), released in 2021, clearly highlights the exploitation under capitalist agriculture and the intensifying class differentiation in the countryside. These developments also demonstrate that capitalist landlords, capitalist farmers, and upper-middle farmers have long emerged as the ruling class in the social, economic, and political spheres of rural India. The widespread dependence of farmers—without exception—on the market for agricultural inputs (such as seeds, fertilizers, and pesticides) also points to the capitalist reality of Indian agriculture; the average level of farm mechanization in India was 47 percent in 2023 itself; the exit of nearly 2 crore farmers from agriculture in the past two decades; internal and external migration; the increased role of women in agriculture; and the direct and heavy intervention of the capitalist state through policies like agricultural subsidies, irrigation, procurement, remunerative prices, institutional credit, and the declining average size of landholdings on the one hand and increasing concentration of land in the hands of biggest capitalist landowners on the other—all point to the consolidation of capitalist relations.

¹⁷ From Situational Assessment Survey of Agricultural Households and Land and Livestock Holdings of Households in Rural India, 2019; Andhra Pradesh State Finance Commission Report; Agricultural Census 2021-22; Economic Survey of India 2025

In the next section, we will examine issues such as the persistence of small peasant economy, some negligible remnants of sharecropping, access to credit, and caste-based oppression and exploitation in the countryside in general and agriculture in particular—phenomena often cited as prevalence of semi-feudal relations.

Post-colonial Relatively Backward Capitalist Country: We have seen how the Indian ruling class facilitated the gradual extension of capitalist relations into both industry and agriculture after independence. Based on all the elements examined so far, it does not take much effort to see that the prevailing mode of production in India today is capitalist. We have also seen that the character of the Indian bourgeoisie is not comprador, but that of a ‘junior partner’ of imperialism and that India is neither a semi-colony nor a neo-colony with a peripheral industrial economy supplying merely raw materials and intermediate goods to the imperialist core countries.

British colonialism undoubtedly influenced the trajectory of capitalist development in India. Almost 2 centuries of colonial domination naturally created economic backwardness. All such post-colonial countries are, by nature, *relatively* backward in their capitalist development—and to that extent, they exhibit certain specific characteristics, for instance, what has been called as late ‘late’ industrialization under *dirigisme* regime through the path of state-led industrialization based on import-substitution and strict protectionism and persistence of some backward tenancy forms in agriculture. We have seen a number of versions of such path in countries like India, Brazil, Turkey, Indonesia, Egypt, etc. with significant internal variations. This obviously creates certain peculiarities in *the post-colonial relatively backward capitalist countries*. This has been fairly noted by leading political economists and economic historians.

The problem arises when one considers the North-West European or American path of capitalist development as the only genuine and authentic path and then rejects all countries, which experienced different trajectories of capitalist development, as *not-sufficiently-capitalist* and therefore as semi-feudal semi-colonial or neo-colonial. In reality, however, capitalist development has not been identical even among the countries of the so-called Global North. Instead of studying the nature of the state and the ruling bourgeoisie, the essence of relations of production and character of the mode of production and consequently, the nature of the social formation as a whole, many within the ML movement in India resort to programmatic dogmatism of testing the capitalist experience of our country on the yardstick of *their idea of* North-Western capitalism *as*

the ideal to which every real must prove its authenticity. We say a mere idea because their reading of the North-Western capitalism, too, has nothing to do with actual history but with *an ideal* conjured up in their minds by the misreading of history as well as theory. Thus, a subjective idealistic effigy of capitalism is erected and whatever fails the test of comparison is damned as “semi-feudal semi-colonial”, “neo-colonial”, etc. Moreover, the whole argument itself is *productivist* and *economistic*, as the bulk of comparison is based on quantitative economic indicators (“how much industrialization”; “how much mechanization”, etc.), rather than *the relations of production, the modes of surplus extraction* and, therefore, *the mode of production.* As a result, most of the ML groups and organizations upholding the program of democratic revolution, replace *analysis* with *subjective impressionism.*

IV. A Few Representative Forms of Deception and Self-Deception in the Study of the Modes of Production

The fundamental reason behind the current state of the 100-year-old Indian communist movement is its theoretical weakness. This includes its ideological weakness as well as its programmatic dogmatism. The revolutionary political line is materialized only through a correct program. Therefore, the programmatic dogmatism leads to the immediate failures and crisis. No one can deny the existence of such crisis before the movement. However, most within the ML camp are stubbornly insistent upon committing the same mistakes and yet displaying the naïve optimism of expecting different results!

The intransigent refusal to acknowledge the decline of feudal production relations, the emergence of capitalist production relations, its expansion through various paths, and the resultant capitalist class relations, mulishly copying the program of revolution from pre-1949 China, and cutting their feet to the size of the shoe, lies at the root of this programmatic dogmatism. The question of program was never taken seriously in the communist movement in India. When a new beginning was made by rupture from revisionism in 1967, one of the tasks enumerated by the AICCCR (All India Coordination Committee of Communist Revolutionaries) was the study of Indian production relations. However, this was never undertaken in a systematic fashion. Instead, the program of Chinese revolution was, more or less, copied with few minor changes. The programmatic dogma on the one hand entrenched itself in sections of communist movement, while, on the other hand, the practical failure of the implementation of an incorrect program also led to rethinking over the

semi-feudal semi-colonial thesis and the program of NDR in certain sections of the communist movement. It is a welcome development that such groups and organizations have increased in number and presence in the recent decades. Still others are halfway house. Some of them claim that India is “semi-capitalist semi-feudal” (a meaningless phrase as actual materializations of capitalism always have some imperfections and incompleteness), others say that India is certainly not semi-feudal but it is a neo-colony. These are trends which at some level understand the inadequacy of the old programmatic framework, but are yet to gather the courage to call a spade a spade. In short, a lot of churning is happening, which, again, is a welcome development.

However, this programmatic dogma still functions as a fetter for many within the ML movement. For such forces, the programmatic dogmatism has led to varieties of “left” and right opportunism, class-collaborationist and class-capitulationist policies. They lack the basic willingness to acknowledge the evolving reality. The specificities of post-colonial relatively backward capitalism in India has given rise to numerous illusions. The combination of theoretical weakness, dogmatism, and opportunism has only served to reinforce these illusions. Over time, this has led to a distortion of facts to fit outdated theories, allowing these political forces to remain trapped in their illusion.

1. **Is India a semi-feudal semi-colonial country?** : The analysis of semi-feudalism semi-colonialism was adopted by Indian revolutionary organizations and groups without any independent serious investigation. The program and path of Chinese Revolution was copied, more or less, as it is. While it is true that China was a semi-feudal semi-colonial country before revolution, India in the 1950s and 1960s bore no resemblance to that characterization. We have already discussed, in brief, the trajectory of Indian capitalist development. Yet, some ML groups and organizations continue to insist that India is still semi-feudal semi-colonial, refusing to acknowledge the development of capitalism in Indian economy as a whole and particularly in agriculture and ignore the political behaviour of the Indian bourgeoisie, which has nothing whatsoever to do with comprador behaviour. What should we call this refusal to move beyond a position erroneously adopted in 1968 even in 2025, but incorrigible dogmatism? In fact, there is little connection between Mao’s theory, on the one hand, and the positions held by those who call themselves Maoists, on the other. Mao defined the semi-feudal semi-colonial character of Chinese society primarily in his works “Analysis of the Classes in Chinese Society” (1926),

“Chinese Revolution and the Chinese Communist Party” (1939), and “On New Democracy” (1940). In these writings, Mao explains the feudal system that had existed in China for more than a thousand years, the division of China into spheres of influence among various colonial powers in modern period, the emergence of limited capitalist relations, emergence of the semi-feudal semi-colonial social formation, and the colonization of parts of China by Japan.

On the contrary, India was *never* a semi-colony. It was a *total colony* till its political independence, when a politically-independent bourgeoisie came to power. Production relations in agriculture before independence were mainly feudal as the character of the ground-rent was still feudal, with only one change: the colonial state had put itself at the top of the system of appropriation of surplus labour of the direct producers through various forms of feudal and pre-capitalist rent. In manufacturing and infrastructure, there was limited capitalist development which was subordinated to and dependent upon Britain, against which the Indian bourgeoisie began to struggle as soon as it developed an industrial base, a process which began in the 1890s and accelerated during and between the two world wars. This struggle was carried on by the Indian bourgeoisie through the method of ‘pressure-compromise-pressure’ because, born within the imperialist context, this bourgeoisie, on the one hand, wanted political independence so that it could control its domestic market, while, on the other hand, it was equally scared of the unleashing of the popular revolutionary potential. As a consequence, whenever there was an upsurge in the peasant movement, working class movement and mass movement in general, the Indian bourgeoisie strove to compromise with the imperialism, whereas, whenever there was an ebb in the mass movements or its was completely under the political hegemony of the bourgeoisie, it strove to assert itself politically.

In a specific conjuncture in national and international politics, the British had to hand over power to the Indian bourgeoisie and this transfer of power finally took place in 1947. For the first five years, the Indian bourgeoisie focused on the consolidation of its political power and then moved on the path of state-led industrialization based on import-substitution and strict protectionism and the gradualist and incrementalist land reforms, a peculiar Indian version of Prussian path of *junker*-type transformation fused with other

varieties and with regional variations. This brings us to another illusion: the character of the Indian bourgeoisie.

2. **Is the country being ruled by a comprador bourgeoisie?** : As part of their attempt to force-fit the Chinese semi-feudal semi-colonial context onto India in 2025, certain parties continue to label the Indian ruling class as comprador, even today. The control over home market is a fundamental requirement for an industrial bourgeoisie. That is why a mainly industrial and financial bourgeoisie can never be comprador. Mao clearly explained that only a commercial and bureaucratic bourgeoisie can play the role of comprador bourgeoisie under certain conditions and why an industrial bourgeoisie as a *political class* cannot play the role of comprador. Since, now it is impossible to negate the existence of capitalist relations in India, among those *imprisoned voluntarily* in the semi-feudal semi-colonial/neo-colonial orthodoxy, certain people like K. Murali (Ajith) have parroted Gonzalo's already bankrupt theory of "bureaucratic capitalism", which has nothing whatsoever to do with Mao's conception firmly rooted in Marxist political economy. This theory argues that bureaucratic capitalism is "the capitalism which imperialism generates in the backward countries, which is tied to decrepit feudalism and subjugated to imperialism." Every term in the above sentence is false and fictitious. The history of capitalist development in India clearly shows that it developed through its own internal contradictions and is not a derivative of imperialism. This is like a conspiracy theory in the field of discussions on program! Moreover, where is that decrepit feudalism in India to which this "bureaucratic capitalism" is tied?! Besides, if Indian capitalism is subjugated to imperialism through its comprador bureaucratic bourgeoisie, how did it take an independent position on Suez Canal controversy? Why did it become part of the non-alignment movement? Why it has imposed one of the highest protective tariffs serving Indian capitalist interests? This theory of "bureaucratic capitalism" as development of capitalist relations one-sidedly by imperialism has nothing whatsoever to do with Marxist method as it relies completely on external factors for its "explanations".

It is noteworthy here that Mao called Nehru as "reactionary national bourgeoisie" rather than comprador bourgeoisie in his speech at the Tenth Plenum at the Eighth CPC Central

Committee in 1962. He said: “We want to unite with so many people. But they do not include the *reactionary national bourgeoisie like Nehru...*”¹⁸.

Few people also mistake the use of the term “state-monopoly capitalism” for the state industries owned by bureaucratic capitalist class (“the four big families”) in the pre-revolutionary China by Mao for an instance of a comprador bureaucratic bourgeoisie being an industrial bourgeoisie! We will come to the “the four big families” later but first let us see a quote from Mao:

“During their twenty-year rule, the four big families, Chiang, Soong, Kung and Chen, have piled up enormous fortunes valued at ten to twenty thousand million U.S. dollars and monopolized the economic lifelines of the whole country. This monopoly capital, combined with state power, has become state-monopoly capitalism. This monopoly capitalism, *closely tied up with foreign imperialism*, the domestic landlord class and the old-type rich peasants, has become comprador, feudal, state-monopoly capitalism. Such is the economic base of Chiang Kai-shek’s reactionary regime. This state-monopoly capitalism oppresses not only the workers and peasants but also the urban petty bourgeoisie, and it injures the middle bourgeoisie. This state-monopoly capitalism reached the peak of its development during the War of Resistance and after the Japanese surrender; it has prepared ample material conditions for the new democratic revolution. *This capital is popularly known in China as bureaucrat-capital. This capitalist class, known as the bureaucrat-capitalist class, is the big bourgeoisie of China.*”¹⁹

The four big families were all either in commerce, managerial functions for the imperialist capital, or in finance. *None of them had independent private industrial investments.* They were the managers of state enterprises on the behalf of the imperialists, which explains the use of the term ‘comprador’ for them, which originally meant precisely the managers of imperialist capital. When they managed the comprador state for the imperialists, they obviously controlled the state industries especially in infrastructure and heavy industrial sector, which is generally never under private investments but always under the state. This is what the state monopoly capitalism of China meant, not industrial bourgeoisie with

¹⁸ Mao Tse-tung. 2020. ‘Speech at the Tenth Plenum of the Eighth CPC Central Committee’ (1962), in *Selected Works of Mao Tse-tung, Volume 8*, Foreign Languages Press, Paris, p. 437

¹⁹ Mao Tse-tung. 1961. ‘Present Situation and Our Tasks’ (1947), *Selected Works, Vol. IV*, Foreign Languages Press, Peking, p. 167, *emphasis ours*

private independent industrial investments! It has nothing whatsoever to do with the industrial bourgeoisie! Bureaucrat capitalist class ran the state industry on behalf of imperialism, which is natural and understandable and only a politically blind person can mistake them for private industrial investments, which characterized the national bourgeoisie of China. However, national industry and the national bourgeoisie were qualitatively different things. Mao writes:

“To serve the needs of its aggression, imperialism created the comprador system and bureaucrat-capital in China. Imperialist aggression stimulated China’s social economy, brought about changes in it and **created the opposites of imperialism — the national industry and national bourgeoisie of China**, and especially the Chinese proletariat working in **enterprises run directly by the imperialists, those run by bureaucrat-capital** and those run by the national bourgeoisie.”²⁰

There are also people who confuse the use of term “big bourgeoisie” by Mao to automatically mean industrial bourgeoisie. In fact, in semi-feudal semi-colonial formations, the industrial bourgeoisie is *never big*, as Mao pointed out, but middle and small bourgeoisie running industrial enterprises. The use of the term “big bourgeoisie” refers to the bureaucratic capitalist class in-charge of the state industries on behalf of imperialism and the big commercial bourgeoisie. Again, there is hardly any cure for political blindness.

However, the dogmatists fettered in the illusions of semi-feudal semi-colonial orthodoxy parrot the same idiocy *ad infinitum*. The “novel” formulation of “bureaucrat capitalism”, “comprador capitalism” is only presenting the same old rotten wine in a new bottle. We have already shown that Gonzalo’s theory of “bureaucrat capitalism” as the capitalism engendered purely and solely by imperialism is a metaphysical construct of the lowest quality. Has the Indian case anything remotely comparable to this theory?

Far from being a derivative and subjugated lackey of imperialism, Indian capital and bourgeoisie show politically-independent behaviour. Besides, Indian capitalists like Tata, Ambani, Adani and many others are taking over those capitalist firms of imperialist

²⁰ Mao. 1961. ‘Cast Away Illusions, Prepare for Struggle’ (1949), *Selected Works, Vol. IV*, Foreign Languages Press, Peking, p. 426, *emphasis ours*

countries which used to be the symbol of imperialism, for instance, Jaguar, Tetley, etc. It is exporting commodities as well as capital and increasing its share in the world market, even though it is far behind the US, the EU, China and Japan, as can be expected from its post-colonial relatively backward capitalist character and its location in the imperialist chain. Yet, it is actively competing with foreign capital in international markets. Indian pharmaceutical companies hold a 47 percent share in the generic drug market, and 40 percent in the overall drug market of the U.S. What should we call those who continue to cling to programmatic dogmatism of semi-feudal semi-colonial/neo-colonial framework or newer versions of the same line under names like “bureaucratic capitalism”, despite overwhelming evidence to the contrary? What do we call those who still insist on calling the Indian bourgeoisie comprador, even though events such as India’s tariff dispute with the U.S.; the Indian ruling class siding with Russia in the Russia–Ukraine conflict; and Indian capitalists asserting their own interests in the geopolitical rivalry between the U.S.-led imperialist bloc and the Sino-Russian imperialist bloc, which point to the diametrically opposite truth?

3. **Is there any truth to the feudal remnants theory?** : The claim that feudal remnants remain strong in India despite the growing dominance of capitalist relations is yet another argument that has long outlived its relevance. This theory, which crystallized in the 1960s, continues to be peddled by social-democratic parties such as the CPI (M) and CPI (ML) Liberation, driven primarily by their opportunism. Capitalist relations have been steadily strengthening since the 1950s and 1960s. Yet, according to these groups, even in 2025, feudal remnants remain just as strong!! Neither has grown weaker or stronger—how bizarre!!! This reflects theoretical bankruptcy of the highest order. Who will tell them that the strengthening of capitalist relations of production necessarily leads either to the weakening of feudal relations or to their transformation and subordination under capitalist ones? Their opportunism alone explains their inability to understand the works of Marx, Engels, Lenin and Mao all of whom emphasized that capitalist agriculture emerges in diverse forms in different countries. For example, a 2015 report by the CPI (M) openly acknowledged that rich farmers in the countryside can no longer be considered allies in the class struggle, as they have transformed into capitalist farmers. Yet, even a decade after that report, the party has neither updated its program nor changed its political praxis. It

would be naïve to believe that the party's leaders—busy serving the interests of the Adanis and their ilk—have any real commitment even to their party's program or to the revolution in India, which is natural given they are revisionists and social-democrats. What does it even mean to cling to the "feudal remnants" theory when your own study groups and research teams have acknowledged that capitalist agriculture is now omnipresent across the country? Of course, feudal and pre-capitalist remains exist in almost all capitalist countries as archaeological ossifications and India is no exception. However, these are not only secondary trends but negligible trends now. Let us now examine some of the arguments advanced by those who continue to defend the semi-feudal semi-colonial, neo-colonial and “strong” feudal remnants theories.

4. **“Arguments” peddled to prove the impossibility of capitalist agriculture in India:** Let us now examine some of the arguments made by those who claim that Indian agriculture cannot be characterized as capitalist in nature.

a. **Existence of small and marginal peasants and simple peasant economy:** Some argue that since small and marginal peasants make up 86 percent of India's peasantry, it would be incorrect to characterize Indian agriculture as capitalist. Is the existence of small peasants a sign of pre-capitalist relations? Not at all. Small and marginal peasants in India today are not producing primarily for direct consumption. The majority of their agricultural product is intended for the market. They are not capitalist farmers but are involved in simple commodity production as they do not exploit the labour-power of others. However, this simple commodity production is not precisely the simple peasant economy that Marx describes in the 47th chapter of the third volume of *Capital* as a ‘transitional form’ which is neither feudal nor properly capitalist. Marx points out that various transitional forms continue to exist even after capitalist relations become entrenched in agriculture. He also emphasizes that sharecropping and small-scale peasant production *are not inherently feudal forms*. They are not properly capitalist either. However, the most important fact in the case of contemporary India is that *this simple commodity production is part of the circuit of capital* rather than existing in some Chayanovian

space²¹. These small and marginal peasants are not subsistence farmers, but produce for the market and are part of capitalist commodity circulation. Secondly, the bulk of agricultural production comes from large and medium size farms. And most importantly, the major portion of household income of small and marginal farmers no longer comes from cultivation but from wage labour. They have been converted into semi-proletariat. Marx and Lenin clearly discussed the persistence of small peasants under capitalist agriculture. Kautsky discusses this question in an even more particular and detailed manner in *The Agrarian Question* where he explains how interests of both rural agrarian bourgeoisie and urban industrial bourgeoisie are linked to the continued existence of such small peasants. In short, the persistence of a class of small and marginal peasants, who have now become semi-proletariat in the main, is not at all a symptom of feudal or semi-feudal agriculture.

b. **“Agriculture being non-profitable”, “Trapped in a quagmire of debts”:** The argument goes: “Everyone must be making profits in capitalist agriculture. Since agriculture is not profitable, it cannot be capitalist.” This line of reasoning is deeply flawed. Many intellectuals conveniently ignore a fundamental principle of capitalism: capitalist production in general is characterized by periods of boom and bust, prosperity, stagnation and decline. Capitalist production is regulated by movements of profitability. In such conditions, it is very much possible to have periods when the entire economy or particular sectors of economy face crisis. Even during the periods of crisis, the large and medium farmers are prospering. Most of the incidents of debt-trap leading to proletarianization, leaving agriculture or even suicides come from the class of small and marginal farmers. One of the principal reasons of these suicides is debt-trap. Well, who gives credit at exorbitant interest rates to the small and marginal peasants? The rich capitalist farmers and kulaks who also exploit the rural poor through rent and commercial profit, besides exploiting the masses in general through the monopoly rent accruing to them through the monopoly price of MSP! And it is precisely this class that most of the ML groups

²¹ Chayanovian space refers to spaces of production outside the circuit of capital, named after Soviet political economist A. V. Chayanov

and organizations stuck in the framework of NDR as well as the revisionists and social-democrats are tailending! As far as, the large and medium farmers are concerned, they are certainly making decent profits and diverting their accumulated surplus value to other sectors of economy as well, from real estate to industry in states like Punjab, Haryana, AP, Telangana, and others. In 2022-23, the gross capital formation in agriculture grew at 19.04 percent and between 2016-17 and 2022-23, the annual average growth rate of GCF had been 9.7 percent. This is not to deny the utter destitution and plight of the small and marginal peasants, who are mainly semi-proletariat now. However, this shows that accumulation and expanded reproduction is happening in Indian agriculture. The prevalent inequality in land ownership, distribution of the machines and instruments, share in agricultural income, etc. are signs of capitalist accumulation, rather than the absence of it.

More importantly, to reject the existence of capitalist agriculture simply because there is *supposed* lack of accumulation (which is identifying with the rural bourgeoisie which keeps whining about lack of profits in comparison with the big capitalists and for greater share in the appropriated surplus) is to misunderstand the very nature of capitalism. It amounts to waiting for a textbook version of capitalism to emerge—something that has never existed anywhere. Expanded reproduction and accumulation is *the aim of capitalist production*. It does not mean it is always fulfilled in real process of capitalist production. This is ABC of Marxist political economy. That is why Marx particularly stresses upon the fact that even in cases of simple reproduction, the capitalist character of production is crystal clear. However, our neo-Narodniks mistake occasional simple capitalist reproduction under capitalism for simple commodity production!

The question of agricultural credit is similarly misunderstood. In 1950, institutional credit accounted for just 10% of total agricultural loans, while private moneylenders provided the remaining 90%. By 2025, the share of institutional credit had risen to 78%, while private moneylending had dropped to 22%, even though it exploits the major part of small and marginal peasants, which is natural. This shift is yet another indicator of the development of capitalist agriculture. It is true that small and marginal farmers still rely on private moneylenders and debt-

traps are created mainly through the non-institutional money-lending done by the rich kulaks and capitalist farmers, who also play the role of middlemen (*arhatiyas*), usurers (*soodkhor*), landlord (*zamindar*) and capitalist entrepreneur. However, this is not at all a symptom of pre-capitalist relations, as this is exploitation through commercial profit, credit, ground-rent and entrepreneurial profit, as the surplus labour itself is appropriated through the economic mechanism of exploitation of wage labour, as surplus value and eventually takes these various forms.

c. **Share-cropping, bonded labour:** It is widely accepted today that ground rent and wages in agriculture are determined by the market. To reject the existence of capitalist agriculture by citing the persistence of sharecropping is nothing more than a distortion of facts. It is not surprising that sharecropping still exists under capitalism. In fact, across the country, money-rent is increasingly replacing sharecropping. Currently, money rent accounts for 51 percent of all agricultural land lease agreements in India, while sharecropping constitutes only 37 percent. However, as Dipankar Basu and Amit Basole have shown in their study, many forms of share-cropping actually hide various forms of piece-wage system.²² Basu and Basole also show that “Aggregate level data suggests that tenant cultivation as a form of organizing agricultural production has witnessed a steady decline in rural India over the last four decades. According to NSSO data, the percentage of households leasing in land has declined from 25% in 1971-72 to 12% in 2003; the percentage of area leased in to total area owned has declined from 12% in 1971-72 to 7% in 2003; and the percentage of area leased out to total area owned has also decreased from 6% in 1971-72 to 3% in 2003.” It goes without saying that these trends have consolidated even further in the last 2 decades. Recent statistics from Andhra Pradesh show that cash rent makes up 48 percent of leases, while sharecropping has dropped to just 25 percent. In Punjab, the figure for money rent stands at a staggering 94 percent. It is no coincidence that tenant farming has been steadily increasing in states like Punjab and Andhra Pradesh, owing among other factors to the capitalist practice of what has been called ‘reverse tenancy’. Basu and Basole remark: “The evidence on tenancy, thus,

²² Basu, D. and Amit Basole. 2011. ‘Relations of Production and Modes of Surplus Extraction in India: Part I – Agriculture, *EPW*, April 2, 2011, Vol XLVI No 14

seems to suggest a sharply declining role of tenant cultivation at the national level. What is interesting is that its continued prevalence is observed mainly in contexts of capitalist agricultural production, where sharecropping is less important than money rents, and not in the states with semi-feudal modes of surplus extraction; among the three states with the largest reported share of tenant cultivation, the top two are Punjab and Haryana, precisely the states where capitalist farming has developed the most.” This is a natural progression under capitalist agriculture. Similarly, it hardly needs to be stated that the feudal-era system of bonded labour no longer prevails in the countryside. Agricultural workers everywhere are working for wages. The growing phenomenon of workers migrating—temporarily or permanently—to other sectors in search of better opportunities is clearly visible everywhere. The existence of various forms of un-freedom in wage-contracts under capitalism is nothing new. Various Marxist political economists and historians, following Marx himself, have revealed that various forms of unfree labour as a peripheral tendency do exist under capitalism. From the immigrant work-force in the US to the maquiladora workshops in the US and Southern America, various forms of unfree labour are peacefully co-existing with advanced capitalist production.²³

5. **Has not capitalist agriculture spread to all places?** : What is capitalist agriculture? Who is a capitalist farmer? Who is a capitalist landlord? If one understands the correct answers to these questions, this question would not even exist today. From Bihar to Odisha and from Jharkhand to Chhattisgarh, wage labour, capitalist ground rent, domination of capital, production for market, differentiation of peasantry are the dominant trends, all symptoms of capitalist mode of production. Social classes of capitalist landlords, capitalist farmers, capitalist tenants, semi-proletariat, proletariat and the class of small and marginal peasants engaged in simple commodity production articulated with capitalist production are the predominant trends. The recent excellent state-level studies and surveys by RAS reveal this truth beyond any doubt.

²³ For elaboration of this point on unfree labour and capitalism, please refer to: <https://anvilmag.in/archives/655>

6. **Is there any basis for redistributive land reforms today?** : As discussed above, it is the land-owning small and marginal peasants who are getting destroyed under capitalist agriculture. As Marxist political economy explains, small and marginal peasants are exploited more than the urban working class. In fact, due to their attachment to the land and agriculture being, in practice, the employer of last resort providing a false sense of last protection, they end up exploiting themselves and their family labour—only to be ultimately ruined or stuck in the rut of perpetual exploitation and oppression. Against this backdrop, raising the slogan of "Land to the Tiller" becomes a cruel joke for these small and marginal peasants. How can the redistribution of land help small-holdings survive when the laws of the market reign supreme? The experience of last two decades itself shows that purely through economic process almost 2 crore cultivators have left agriculture, precisely due to the fact that they cannot withstand the competition from big capital. Today, the demand for redistributive land reforms is a reactionary demand creating an illusion and false hope. Even the majority of peasantry understands today that small-holdings are not sustainable. That is why the majority of small and marginal peasants want to leave agriculture as soon as there is a viable option of livelihood available to them. Is it logical to promise emancipation through land redistribution at a time when the majority of the working population is actively trying to leave agriculture? Today, the demand for really effective nationalization of land (which in and by itself is a mere radical bourgeois slogan), abolition of exploitation of wage-labour and consequently socialist transformation of agriculture is relevant. However, the appreciation of this is possible only on the basis of the realization of concrete facts regarding the character of present Indian society.

7. **Does caste discrimination and oppression of women exist in a capitalist society?** : There are those who argue that the caste system and the oppression of women are remnants of feudalism, and therefore claim that India cannot be considered a capitalist society. Some go further, contending that the presence of caste-based exploitation and oppression in Indian agriculture proves that it cannot be categorized as capitalist agriculture. Again, the real phenomena is rejected on the basis of the yardstick of an ahistorical subjective ideal based on the misreading and misunderstanding of history as well as theory. In reality, the caste system and the oppression of women did not originate with feudalism. These institutions predate feudalism and were transformed and utilized by

it for its own purposes. Similarly, today's capitalism also adopts, restructures and articulates the caste system according to its own laws of motion and utilizes it to oppress, exploit and divide the working masses. Some of the defining registers of the caste system, such as hereditary division of labour, commensal prejudices and untouchability (especially in urban areas) have declined with the development of capitalist mode of production; however, there are other registers which do not have any irresolvable contradiction with the capitalist relations, especially caste endogamy; these elements have not only prevailed but assumed novel forms and consolidated. This situation is in no way a hindrance to the development of capitalist relations of production. In fact, it is quite useful to capitalism. How do we determine the mode of production—by the way production and extraction of surplus labour is carried out? Racial discrimination and the excess of economic exploitation of Black people still persist in the United States, where capitalism has existed for hundreds of years. Women labour is exploited at lower wages as well. In many capitalist countries, certain groups face economic oppression based on regional, linguistic, or national identities. Can we deny the existence of capitalism in these countries because of such forms of oppression? Capitalism has destroyed many social values that were obstacles to its growth, but it has also adopted and restructured various forms of social oppression according to its own dynamics, from racism, patriarchy and gender oppression to caste system. To that extent, the caste system in India today is a capitalist caste system and patriarchy is *capitalist* patriarchy²⁴.

8. **Is the national question relevant in India today?** : Few claim that the national question remains unresolved within India today, besides the imperialist national oppression of India as a whole. Therefore, the national liberation of all the nations in India takes precedence. While this issue is not directly related to the mode of production, it stems from a misunderstanding of the capitalist mode of production and its laws of motion. First of all, as we have pointed out earlier, the ruling bourgeoisie in India is not comprador but politically-independent and secondly, it is a *composite bourgeoisie*, in so far as it has representation from different nations within India. Except Kashmir and certain nations

²⁴ For elaboration, see Sinha, Abhinav. 2019. 'Marxism and the Question of Identity' and 'Historiography of Caste: Some Critical Observations and Some Methodological Interventions' in *Subversive Interventions*, Rahul Foundation, Lucknow.

inhabiting the north-eastern states, the bourgeoisie in all other nations within India have a share in the political power and the appropriated surplus. While Gujarati and Marwari capitalists are historically the oldest and dominated for a considerable period after independence, the post-colonial Indian capitalist class came to include Punjabi, Bengali, Tamil, Marathi, Malayali, Kannada, Telugu capitalists and others as well. After independence, the bourgeoisie—particularly the agrarian bourgeoisie—emerged from across different regions, and all these national fractions of bourgeoisie are now represented within the Indian capitalist class. There are, of course, differences in their relative strength, which arise from the natural unevenness of capitalist development. However, apart from Kashmir and the certain nations in the north-eastern states, no other bourgeoisie is nationally-oppressed today and *it is precisely the oppression of the bourgeoisie of a nation which constitutes the essence of national oppression*, as emphasized time and again by Lenin, Stalin, Mao as well as well-known Turkish Maoist thinker Ibrahim Kaypakkaya.²⁵ Therefore, excluding Kashmir and certain region in the north-east, the national question holds little relevance in today's India.

Under capitalism, linguistic inequality and oppression generally exists in some form or the other in all multinational capitalist states. However, in and by itself, linguistic inequality alone does not constitute national oppression, as Lenin pointed out.²⁶ National oppression almost always leads to linguistic oppression, however, the opposite is not always true. By its natural motion, in any multinational state, the social process of capitalist production, distribution, exchange and division of labour leads to one or a few languages assuming the role of 'link' or 'contact' languages, whether the petty-bourgeois nationalists like it or not, as Lenin himself pointed out. Historically, in India, English and Hindi have indeed assumed this position due to historical movements of labour and capital and due to the historical nature of development of Indian capitalist polity and society. The communist revolutionaries must always fight for true equality of all languages and against any notion of 'national language' or 'official language'. The masses must have freedom to use their mother-tongue in education, official and government work and must also have the freedom

²⁵ Shivani, Abhinav. 2024. *Marxism-Leninism and the National Question: A Debate*. Rahul Foundation, Lucknow. See p. 20-82 for views of Lenin, Stalin, Mao and Kaypakkaya on what is the essence of national oppression.

²⁶ Lenin. 1985. *One Step Forward, Two Steps Back*, Progress Publishers, Moscow, p. 41-42

and convenience to learn any language that they deem necessary for general social and economic exchange. The communists must fight against the imposition of any language on the masses. This holds true even for the imposition of English on the masses of the Hindi-speaking regions. However, while organizing and leading the fight for complete and true equality of all languages, communists do understand that linguistic inequality in and by itself does not always mean national oppression and secondly, they also do not work against the emergence of link/connect languages through the natural and historical processes of production and exchange from a bourgeois nationalist position.

This much is clear now that understood in the Marxist-Leninist-Maoist sense instead of in the sense of regional bourgeoisie, national question within India is not relevant anymore, except Kashmir and certain states of the north-east.

V. Socialist Revolution is the Way Forward

We have discussed the criteria for identifying capitalist mode of production, the specific forms in which capitalism has developed in India, and the changes observed in class structure with the advent of capitalist transformation of the entire Indian economy, especially, agriculture. We have examined how capitalism has established itself as the dominant mode of production. As a result, fundamental changes have occurred in the nature of class struggle. Today, the contradiction between capital and labour has become the fundamental contradiction and the contradiction between the bourgeoisie and the proletariat has become the principal contradiction. No part of capitalist class has any progressive role anymore. Uniting against entire capitalist class, both small and big, monopoly and non-monopoly, industrial-financial as well as agricultural, is the central task facing the working class. Many communist streams are obstructing this task by failing to recognize that the dominant mode of production in India is capitalist. They are deluding themselves by holding onto outdated and outmoded framework of semi-feudal semi-colonial society, and mistaking enemies for allies. They continue to view rich capitalist farmers and small and medium capitalists as “national bourgeoisie” and therefore strategic allies of the working class in the revolutionary struggle. However, they are always stuck in a funny situation. For instance, when rich capitalist landlords, farmers and kulaks raise the reactionary anti-people demand for MSP before the Indian bourgeois state, they are termed as “national bourgeoisie” and an ally of working class, but as soon as the ML forces have to prove India as a semi-feudal semi-colonial country, the

same class of rich landlords and kulaks is termed as the feudal lords and the demand for land redistribution for the dalit landless is raised! In this way, the agrarian bourgeoisie of India becomes somewhat like Schrödinger's cat for the ML groups and organizations stuck in the outmoded NDR framework! Such are the absurdities of this dogmatic orthodoxy.

Such ML forces are inadvertently undermining the broader working-class struggle that must be waged against capitalism as a whole and the capitalist class in its entirety due to their lack of understanding, persistence with which has led to varieties of opportunism now. The following statements by Engels and Lenin offer valuable lessons for today's revolutionary movement.

“It is the duty of our Party to make clear to the peasants again and again that their position is absolutely hopeless as long as capitalism holds sway, that it is absolutely impossible to preserve their small holdings for them as such, that capitalist large-scale production is absolutely sure to run over their impotent antiquated system of small production as a train runs over a pushcart. If we do this, we shall act in conformity with the inevitable trend of economic development, and this development will not fail to bring our words home to the small peasants.”²⁷

“To secure the complete emancipation of all working people, the rural poor must, in alliance with the urban workers, wage a fight against the whole of the bourgeoisie, including the rich peasants.”²⁸

“We must organize the rural proletariat, like the urban proletariat and together with it, into an independent class party; we must explain to it that its interests are antagonistic to those of the bourgeois peasantry; we must call upon it to fight for the socialist revolution, and point out to it that liberation from oppression and poverty lies, not in turning several sections of the peasantry into petty bourgeois, but only in replacing the entire bourgeois system by the socialist system.”²⁹

Fascism in India today is also a result of the contradictions inherent in the development of capitalism. Denying the existence of capitalism on one hand while declaring the presence of fascism on the other lacks any scientific basis because fascism is the open or concealed dictatorship of the capitalist class under the hegemony of the bloc of big monopoly capital. Since the time of

²⁷ Engels, Frederick. 1979. *Karl Marx and Frederick Engels Selected Works in Three Volumes, Vol. 3*, Progress Publishers, Moscow, p. 472

²⁸ Lenin. V. I. 1977. *Collected Works, Vol. 6*, Progress Publishers, Moscow, p. 406

²⁹ Lenin. V. I. 1977. *Collected Works, Vol. 8*, Progress Publishers, Moscow, p. 231

the Communist International, many Marxists have written about the connection between capitalist economic crises and the rise of fascism. As Horkheimer famously said, “*Whoever is not willing to talk about capitalism should also keep quiet about fascism.*”

Today, capitalism is in crisis across the world. As a result, there is a growing resurgence of interest in Marxism globally. In India, too, *the latent potential* for socialist revolutionary struggles aimed at confronting capitalism and the bourgeoisie exists. In this context, *New Socialist Praxis (NSP)* hopes that revolutionary communists will reconsider their position on the question of the mode of production and unite on the path of an anti-capitalist anti-imperialist new socialist revolution.

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