

Investment and its Discontents

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ISBN : 978-81-937564-4-7

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ABSTRACT

Mainstream debates on European investment in India do not consider the full and diverse impact of investment on economic and social life, and therefore narrow the terrain for crafting richer, alternative investment policies and strategies. This paper examines three misguided—and recurring—ideas that arise in investment debates: (1) consumption growth as an inevitable effect of investment liberalisation; (2) efficiency in fresh food retail as a feature distinctive to foreign investment practices; and (3) regulatory tactics as a panacea to address exploitation in the global value chain for apparel. The paper calls for an unorthodox approach to common-sense ideas in investment policy discussions with a view to unearthing the unaddressed stakes of transforming economies.

INTRODUCTION

What exactly *is* foreign investment? Orthodox thinking on the subject has rendered certain insights on investment's full impact on Indian society difficult to grasp. Conventionally, the idea of 'foreign investment' is understood as negotiations on approval routes, sector

limits, sourcing requirements, shareholder value, vertical disintegration of firms, et cetera. Yet investment must be about more than simply this. Otherwise, debates on European investment in India would not involve claims of ‘Westernisation’, calls for self-determination, or charges of exploitation. Something other than the standard set of business concerns seems to be at stake in investment policy—a realm that investment policy touches but does not consciously address. The link between investment and social impact seems palpable enough—even intuitive—but at the same time remains exceedingly difficult to trace.

For example, foreign investors eager to set up retail outlets in India claim the existence of a consumer market equally keen to spend disposable income on increasingly diverse goods and services. What has convinced these investors that consumers would view part of their income as ‘disposable’, to begin with? Is there a more circuitous link between investment and consumption than otherwise assumed? When investment calls for the efficient reorganisation of supply chains – whether through the entry of European players in food retail or the outsourcing of apparel production from Europe to India – does it also call for reorganising, even if unconsciously, the relationships between people?

This paper is less of an argument headed in a straight trajectory than it is a set of reflections on debates concerning European investment in India: the kind of vocabulary these debates use, their unaddressed premises, and the implications that follow for crafting alternative policies. Foreign investment is transforming and cultivating new relationships within India and between India and Europe; to say this much is already passé. But what happens to our conventional understanding of investment when its unacknowledged impacts are brought to the fore?

I. THE READY-MADE CONSUMER

The middle-class consumer is the protagonist across a vast array of texts on European investment in India.¹ Often in these works, the tone is decidedly celebratory, excited for an opportunity still to be fully realised. In reports where investment is projected on consumption growth, it is suggested that this much touted consumer lies dormant, waiting for some extant, conservative policy regime to change its mind. As if the rise of the Indian consumer is simply a natural consequence of the rise of disposable income or purchasing power. Apparently, according to these texts, the sheer presence of more goods and services and/or higher salaries is enough to trigger increased consumption. In this assumption, an entire social context is made invisible, and a vague theory of desire lies unstated. What, to begin with, will make consumers view part of their income as ‘disposable’? And why does their discretionary consumption never seem to be finally satisfied?

It is possible to start accounting for such questions without immediately having to delve into the finer details of the psyche – or blame the entire phenomenon on the advertising industry. Instead, one could think about investment as more than just strictly debates about negotiating repatriation, dispute settlement, recourse methodology, and so on. After all, in the liberalisation of investment policies, in the catchphrase ‘liberalisation’ more broadly, is condensed far more multifaceted ways of shaping economic actors.² In liberalisation, a new way of thinking—about ownership, about money, about what is public and what is private, and much more—has to be fostered.³ Today, talking about choosing between several brands of jeans as a type of freedom might seem normal to some, but it is a consequence of decisions made as if somewhere in the background. A history of Indian liberalisation attuned to how these decisions slowly became naturalised as today’s

common sense could begin to describe this transformation in the country's economic development.⁴

To paint this alternative story of modern Indian consumerism and its relation to investment liberalisation is, however, difficult. After all, liberalisation is an ongoing process, not a single moment. To work backwards to describe the present is to contend with the weight of jargon that has taken on the status of dogma. Take, for example, a phrase as seemingly innocuous as 'the middle class' – the alleged bulwark of Indian consumerism and the object of some investors' desires. It turns out that it is not so simple to define this term.⁵ There are indeed standard pitfalls such as the need to measure income beyond what is formally earned, but perhaps that could be curbed by factoring in various other assets.⁶ There is also no official clearing-house in India that compiles consumer data on store choices, or purchases or brand behaviour, but this too could perhaps be remedied through a patchwork of primary surveys.⁷ Moreover, even if figures were rather vague, middle-class consumer behaviour may be simply a way to proxy changing standards more broadly rather than a means of expounding hard science.

If, as some scholars have written, "the growth of the middle class is a development that does not on its own explain the ability of liberalization policies, once considered politically untenable, to take root in India," the task of defining the "middle class" in the context of investment liberalisation becomes even more difficult.⁸ The question at hand is: to what extent is it difficult to entangle definitions of the Indian middle class from the interests to court investment?⁹ After all, there do exist enough self-styled business specialists who are keen to construct and examine the middle class as a quantitative and qualitative phenomenon.¹⁰ To do so—to understand a group of people as a prominent force for consumption—can have the effect of engendering

further interest in them as a continued force for consumption.¹¹ It is to bear proof to the continued success of policies that liberalise investment, as a promise for the good to come from global integration.¹² In other words, if defining what the middle class is, can enable investment, then it is hard to separate seemingly neutral economic categories like ‘the middle class’ from investment strategies themselves.¹³

To be middle-class in India could be said to be not only about metrics such as income but also about a particular attitude towards consumption.¹⁴ In this particular sense then, who is not part of some kind of middle/aspirational class? Seemingly infinite demographics could be carved out to show one’s unique potential to be inculcated as the next modern Indian consumer. How then, ultimately, could one start to tell the story of how policies associated with liberalisation in India have “created” the seemingly organic consumer desire that investment is eager to harness? Government policies, after all, do not necessarily force anyone to buy anything as such. Instead, as an article (aptly titled “Construction of Consumer Choice in the Market”) in *The International Journal of Consumer Studies* puts it:

“It is not about forcing people to do something against their will but rather about structuring their possible field of action to generate sales.”¹⁵

With this metaphor of “field of action” in mind, one could consider spaces—literal and figurative—that produce in prospective consumers the experience of having chosen to buy something of their own accord. Indeed, it is this phenomenon that those interested in investment policy ought to examine more fruitfully.

The city might be one such space. The priority accorded by liberalisation to develop Indian industry (over, say, agriculture) involved

a disproportionate attention towards urban areas where international commerce had historically been located. It meant revitalising urban infrastructure in missions such as the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), creating higher education for industry-relevant disciplines with the IITs and IIMs (themselves sometimes located in cities), and attracting an ever greater workforce to meet the demands of urban industry.

This urban concatenation can produce a rather dense site for investment to target and foster a potential consumer base with greater ease than sparsely populated rural areas. With busy jobs and significant traffic, urbanisation can structurally induce time pressures and consequently create incentives for ‘convenience shopping’. Urban density creates a propensity for large-scale trends to emerge with greater speed. As the site where wealth has historically been concentrated, the city can model what self-advancement could and/or should look like: whether in the form of celebrity hangouts as seen from informal settlements nearby, or the juxtaposition of diverse economic classes previously separated by distance but now walking on the same street.

Another “field of action” enabling consumerism has of course been the television. Creating national television network Doordarshan, launching satellites that increased its transmission, creating entertainment programming to generate advertising revenue, and eventually opening the network to other channels—these were all policy decisions which paved the way for images of consumption to reach people directly in their homes.¹⁶

All this being said, it can also be argued that urbanisation or broadcast media merely amplified what was already a preexisting will to consume. This chicken-or-egg dilemma (‘What came first—policy decisions or consumer appetite?’) may seem irresolvable. One can

instead examine the way both these decisions and consumer desire are symbiotic; their interwovenness can suggest both the many strategies through which desire can be directed towards consumption (as opposed to savings, remittances, or philanthropy) as well as the vast policy framework needed to make such strategies effective. ‘Infrastructure’—cities, satellites, roads, networks—is more than a prerequisite onto which policies about investment and consumption then take place. Infrastructure can be itself the “field of action to generate sales.”¹⁷

Ultimately, if consumers’ drive for exceedingly discretionary goods and services is not in fact an *a priori* given, those interested in investment policy should consider what decisions encourage this drive and make it appear natural. A lot more of how and why people consume goods and services may be in one’s hands – and therefore capable of being harnessed for diverse ends – rather than the half-theory, implied by mainstream investment thought, of an ‘organic’ consumer desire. Indeed, consumers have to be tailored; they are not ready-made.

II. EFFICIENCY AND CULTURE IN FOOD RETAIL

One of the sectors in India where European investment is seen to present diverse risks is fresh food retail. It is hard not to overstate the sector’s relevance: not only is it said to be “the single most dominant and lucrative structure in the Indian retail market,” but it also provides livelihoods for over half of the employable labour force, which works in agriculture.¹⁸ Moreover, fresh fruits and vegetables make up a large part of the staple diet of most Indians. Therefore, a domestic consumer cannot easily do without these goods. The premise of a good number of foreign investment practices in this sector involves larger retailers working directly with Indian farmers to provide food to a growing domestic population. Walmart, Tesco, and Carrefour, for example, have all been eager players at one time or another.

Opponents of foreign investment in Indian food retail argue that vulnerable players stand to lose: the small-time vendor, a poor consumer, and/or the subsistence-level farmer. In these scenarios, critics concede, tacitly or otherwise, that it is the supposed strengths of the foreign retailer that play to the disadvantage of smaller players. If, as proponents claim, these foreign retailers are in fact good at selling cheaper goods more efficiently through economies of scale and/or better supply-chain practices, their capacity to do so seems intertwined with an outcome wherein small *kirana* retailers are crowded out and the farmers cannot barter their (declining) wages.¹⁹

Indeed, the 'for' and 'against' arguments both appear to see the same thing in different ways. For example, proponents claim that FDI will reduce losses in the distribution channel of food retail with the entry of the larger foreign retailer whose efficient gains will be reflected in, among other things, increased incomes for farmers.²⁰ Meanwhile, critics cite wildly varying supermarket orders in the absence of written commitments to farmers, purchase prices renegotiated downwards if market conditions look unfavourable, and fees for promoting certain products or penalties for failures to supply agreed-upon quantities.²¹ Whereas proponents talk about provision of credit at favourable terms, technology transfer and price guarantees, critics fear payment to be on supplier lists, minus margins where supplier price is fixed to the most currently competitive rate, and the requirement of farmers to plan certain crops or seeds, over-fertilise, or emphasise storage and shipment requirements over nutritional needs.²² Overall, it seems that FDI proponents see a foreign retailer who does not appear to need any benevolent gesture to maximise its gains in efficiency across the distribution chain. The critics, on the other hand, see a supermarket that places the burden of price fluctuation on the producer and supplier, a burden that even paying significant premiums above market prices to small players cannot adequately remedy.²³

There is, however, another way to have the conversation on FDI in food retail. It would involve examining more closely the meaning of efficiency and what it has to do with culture, and what culture, in turn, has to do with how foreign investment is discussed.

For example, critics need not look only to the entry of foreign players in the Indian food retail sector to realise some of their fears. Farmers in India are known to pledge produce output at the village-level as payment for debt or input to domestic vendors, leaving them unable to set prices for their produce. Furthermore, large corporations such as Reliance, Birla and Bharti have already entered the food retail market. In fact, it is through a joint venture with Bharti that Wal-Mart has come to India; the same is true for Tesco with the Tata Group. The fear that only foreign retailers would prioritise profit and neglect local social concerns can obscure the fact that these risks are inherent in domestic investment. This has certainly been the case for farmers within some European countries and their respective large food retailers.²⁴

Even if it is not always the cultural identity of the investor that is responsible for investment's risks, something starkly cultural is nonetheless at work where investment is concerned. In the case of food retail, there is a lot of talk about 'organised' or 'formal' vendors making the sector 'efficient'—semantics that presents itself as neutral in nature when it is in fact value-laden about how the social realm should work. As it is now, 'unorganised' and 'informal' food retail can be said to be efficient. After all, it suits a particular social context in India (that it also circularly shapes). For example, in dense areas, the small vendor can be said to have made efficient use of the space, doing its business out of their own home perhaps, with no overhead costs or separate salaries if their employees are their family. With fluctuating power supply or lower chances of owning a refrigerator, or simply an insistence in buying fresh and local, as is recently the vogue in Europe—an Indian consumer may seek out fresh food in smaller quantities: an egg or two, a few slices of

bread, portions that larger stores selling in bulk often cannot affordably manage.²⁵ Accepting returned products, providing credit, adjusting prices for extenuating circumstances, knowing customer taste, indeed knowing the customers who might even be neighbours of the vendor—these services are characteristic of a typical *kirana* store.²⁶ Would a Carrefour cashier or Amazon Go be able to readily give a discount for a kilogram of potatoes after being told that their longstanding customer recently lost their job?

Then there is also the symbolic place which retail occupies in the community, aspects of which are not customer services as such but nonetheless interwoven with neighbourhood life. As it is put delicately in one text:

“[P]eople build routines around and derive pleasure from the many small aspects of shopping: the daily call of a vegetable seller, haggling over price at the weekly street bazaars, the nightly paan and cigarette, and the chai shop, are all part of the rhythm of Indian life.”²⁷

Indeed, making food retail, as some Indians today know it, ‘organised’ would involve a transformation of a much larger social milieu than those who claim that investment in the sector would only impact ‘efficiency’ seem to believe. After all, making food retail ‘efficient’ or ‘organised’ is not simply a matter of learning how to queue and clip coupons but how to live in a different type of community. Therefore, when we think about efficiency, we should be asking efficiency for whom, for what? There are ideas about efficient supply chains reducing losses in profit for someone in the production process just as there are ideas about efficiency in how far food travels and the environmental impact it involves.²⁸ If efficiency means maximising profitability, we could ask who along the supply chain is capturing the added gain and who is losing out? If efficiency means continuously

supplying any consumer demand at the expense of social or ethical concerns, we could ask: is it more efficient not to be able to get what you want whenever you want it?

All this said, to look at any transformation in the culture of food retail with only utter horror, or instead revolutionary joy, involves its own misapprehensions. Like the fear of the foreign, a fear of the new also runs through a significant part of the critique of investment in sectors such as food retail. It is in particular a fear that India will be transformed by foreign investment into an unrecognisable country, the rebuttal from the other side of the debate being that ‘modernising’ India through investment is inevitable and even desirable. Although they appear to oppose one another, both sides make the same error: the so-called traditionalists who lament the erosion of Indian culture in the face of European investment and also their ostensibly cosmopolitan opponents who embrace the new as necessarily progressive. Both think there was ever any ‘original’, ‘pure’ Indian culture to begin with, free from internal contradictions and constitutive links to whatever in a given moment was considered ‘non-Indian’. If India has endured, it has done so in large part because of – not in spite of – a perpetual dance of encounters with so-called strangers, each brought into the social fold to make for a rich, dynamic, and composite culture. Europe and India are after all not new to shaping one another. Therefore, to examine the value of either domestic or foreign investment policies, both of which necessarily transform culture in their successes and failures, there is a need for an appropriately cultural way of thinking about efficiency.

III. APPAREL MANUFACTURING AND THE CHALLENGE OF EXPLOITATION

It is difficult not to come across the term ‘global value chain’ in discussions about European investment and India’s apparel manufacturing sector. Rather than setting up shop in India, the

European clothing company often outsources part of its production to India and sells the final product abroad and in its own markets. Foreign firms do not necessarily legally own subsidiaries or franchisees but have a contractual relationship with them to divide the labour. The foreign firms often perform market research, design sales and marketing strategies, and engage in financial services.²⁹ Meanwhile, the Indian counterparts may work on activities that can cover the rest of the production process, including making cotton, ginning, spinning yarn, weaving, knitting, and tailoring.

However, even this rather general description of Indian apparel manufacturing and its relationship to European investment should be approached with caution. The way production is understood to be taking place can determine both policy interventions and who is able to generate more or less of the gains from commerce. It is therefore no surprise that across the vast literature on the topic, there is neither consistent terminology nor the same description of how apparel production is “actually happening”. Are cotton spinning, weaving, and clothing industries an “integrated cotton sector” or are they distinct industries with competing claims?³⁰ Is the sector marked by a diversity of small suppliers whose success is in the flexibility that prevented their “Walmartisation”, or is it characterised by structural fragmentation that prevents a productivity hitherto unrealised?³¹ Posing the question one way or another, imagining the value chain as one way or another, will suggest different paths for intervention.

Indeed, producing a picture of the value chain can be one tool at hand in transforming it.³² For example, conventional thinking mistakes European consumer desire for increasingly cheap and diverse clothing as the sole impetus for the apparel industry’s turn to the ‘fast fashion’ value chain. What goes undiscussed is how apparel companies are increasingly capturing more precise information on product stocking and

replenishment, streamlining its organisation, and reducing the cost of communication in the production process—ultimately doing their part to shorten the product life cycle and even generate consumer expectations.³³ With accounting practices and information technology that produce better and better pictures of consumer spending, a company has a terrain on which further management of consumer desire can happen. Research and development—or “picture-making”, we might call it—in European company headquarters might apparently be seen as a “high-value generating activity” in the apparel industry value chain for precisely this reason.

Yet the most heated debate on European investment and Indian apparel production is not about whether fast fashion or European consumerism precede the other. Rather it concerns the outsourcing of apparel production to India and how it relates to labour and/or environmental exploitation. In this case, non-equity contract manufacturing rather than a strict vertical FDI can often be what is at play. It seems, though, that the debate is not always over whether this human or environmental exploitation exists or not. It is not even always necessarily over its extent. It seems more to have to do with the possibility of curbing or ending these practices. The debate over the degree to which managing exploitation in the apparel value chain is possible might tell us something much larger about the place of investment policy in today’s world.

One problem in regulating the exploitative behaviour is said to take place because some Indian factories—to whom the Western buyer directly outsources production—themselves subcontract production to another Indian entity, a tactic which may or may not be officially authorised by the Western buyer. If Indian labour law is seen to oblige factory owners to provide protective entitlements to workers, unauthorised or informal subcontracting may be a way for the employer

to cut these costs and in doing so be instrumental to the cheap production which they believe attracted the Western buyer to outsource to them in the first place. These complex domestic subcontracting networks—some of which can account for the historical prowess and rich legacy of Indian textiles—may also make it difficult when a Western buyer wishes to enforce good practices with their Indian business partner, who can apparently find ways to disguise through subcontracting the actual wage they pay their employees or their real environmental impact.³⁴ At the same time, it is unclear whether the salaries of Indian labourers are significantly higher if there were a formal contract.³⁵ Formal employment may help workers access social services, but those contributions may not always be portable, binding the employee to what could be a detrimental work environment.³⁶ Furthermore, salaries in informal versus formal entities may be comparable, and the working conditions of informal “factories” may even be better, enabling collective solidarity that is not always possible in formal colonies.³⁷ Rather than serve as agreements to which employees readily agree because they provide security, formal labour contracts may rather be a disciplining tool which favours the employer to dismiss arbitrarily and hold the employee accountable to unfair outputs.³⁸ Where contracts do specify labour rights for workers, if they are short-term and precarious, it is sensitive for the employees to demand their rights lest they risk non-renewal. Young, unmarried women who may have difficulty finding any employment but require something to support themselves and their families can especially be at risk.³⁹ There are also the migrant workers, for example in Gurgaon in the national capital region, coming from elsewhere in India or from neighbouring countries who remain unaccounted for or unable to access government services through formal contract—putting themselves at risk of criminalisation and being unable to work altogether. It is therefore difficult to say whether contract formality is what is truly at stake in making labour and environmental practices better.

Other critics seeking to curb exploitation instead bring up the difficult demands to which Western buyers hold Indian employers who then pass on this burden to their employees. The argument is that financial success for European apparel companies in fast fashion is premised upon the unrealistic timelines imposed on Indian producers who compete with other producers in ‘developing countries’ on who can pay their employees less: a “race to the bottom”, in other words, or “global competitive pressure”.⁴⁰ When the price of cotton, fuel or other utilities rises, the wage may be the one remaining lever Indian producers have at hand when European buyers compel them to produce at a lower price and will go elsewhere if their demands are not met.⁴¹ In other words, some critics argue that even if Indian factory owners exploit their workers, these owners themselves are exploited by the buyers to whom they sell the finished product. The focus of this goes straight to the top of the global value chain, i.e., the buyers who tacitly accept even the unauthorised subcontracting if it means the commodity is delivered under the conditions requested for their profitability. The companies are therefore also to be held responsible for actions they might condone but do not always explicitly acknowledge. In this logic, the failure of sticking to any official contractual rules is actually part of the game, to begin with, and not an exceptional circumstance whose unfortunate consequences can be done away with so neatly.⁴²

There are also calls for codes and performance of audits that would transform European companies’ investment practices by explicitly installing ethical considerations. Here too are critics who contend that these efforts do not go far enough or may even be counterproductive. For example, when leading investors commit to the concept of “living wages” in their company codes, auditors may be using “minimum wages”, reporting violations based on a lower or inconsistent set of standards.⁴³ Auditors may also only be evaluating formal contractees as opposed to informal subcontractors.⁴⁴ Well-meaning company

certifications and codes can be costly, even unrealistic, for Indian suppliers to institutionalise especially if the Western company will not financially contribute or when complete overhauls of the building infrastructure itself are required to reduce environmental waste or adhere to safety codes.⁴⁵ Smaller and/or informal entities in Indian may effectively be punished when they cannot comply and lose their business to bigger and more capable suppliers.⁴⁶

What about boycotting? Could it effectively safeguard labour and environmental concerns? The critique here is that boycotts by European customers—if they even can be successfully mobilised en masse—can possibly hinder the chances for significant wages that Indian workers do currently have. These boycotts, it is argued, can miss out on some crucial context. For example, there may be some migrant workers who prefer to work longer hours, or avoid workplaces that deduct benefits from salaries, given they live away from their family to whom they want to send as much money as possible.⁴⁷ Or, even when European customers are willing to pay more for products made ethically in India, it can be a challenge to ensure that the added profit to the company makes its way to the most vulnerable employee in the lowest rungs. On top of it all, if mass consumer protests in Europe could articulate that the demand of large apparel companies to do fair trade means helping the most vulnerable, the result of more “expensive-but-ethical” goods could disadvantage European low-wage earners.

Ultimately, the point is not to overstress the intractability of altering the apparel supply chain to prioritise certain values of fairness and sustainability. Rather, it is to take into consideration what is implied by the perceived limits of the standard set of prescriptions expected to deal with, curb, or end exploitation in the apparel industry posed by vertical disintegration. Formal contracts, audits, fair trade brands, boycotts—they are apparently unable to cohere any consensus among critics concerned with investment practices that protect the vulnerable.

In part this might have to do with how a zero-sum game is imagined in relationships which foreign investment in Indian industry can cultivate. The exemplar here is the relationship that ties a job for Indian workers making cheap goods—an opportunity to possibly make more money but an exploitative one—to the purchasing habits of Western customers, for whom more expensive products are seen as a risk to their livelihoods.

However, it is not as if these are the only relationships knitted together by the apparel industry. Perhaps the profits from companies exploiting labour and the environment are also tied to salaried workers in these same companies. Indeed, one writer remarks that “[t]he £4.9 million sign on fee paid to new [Marks & Spencer] CEO Mark Bolland with additional compensation of £7.5m and potential bonus of £2.4m could have paid for a living wage for more than 10,000 garment workers.”⁴⁸ For some mainstream analysts, this is simply “natural economic value” brought about by exclusive ownership of the brand name and the knowledge developed in marketing research, supposedly inherently worth more than mere trimming. Even if these observers are genuinely concerned about exploitation, their belief that the situation at hand is a natural one, imposed by the supposedly immutable laws of supply and demand may well be self-fulfilling—or serve to evade the experience that human choices are responsible for current trading relationships. If one understood the ‘global value chain’ as a fractured result of who succeeds and fails to compel their interlocutors in ‘vertical disintegration’, the situation at hand is a far more dynamic and unfolding story than it is the necessary answer to a traditional economic question that one could calculate neatly in advance.

IV. CONCLUSION

The technical language of investment policy need not explicitly address social relations or notions about desire for it to nonetheless enact a

transformation therein. ‘Middle-class’, ‘efficiency’, ‘consumer demand’—what might have once been jargon is now ubiquitous, assumed to be part of how things just simply *are*. The task of taking a moment to divine what these words mean can seem counterintuitive, if not a violation of the sacrosanct.

There is a kind of deep-seated discontent for those within investment policy circles who seem fettered to a faith in a golden regulatory tactic that is nevertheless unable to put to rest their unnerving sense of some foreign infiltration. Meanwhile, by sheer construction of knowledge of what is getting sold and who is buying it, investors seem to be carving out an increasingly bigger space for more sales. Their faith in supply-and-demand seems untarnished even if they sincerely lament the unfortunate, perhaps even tragic, price a society may pay for that elusive dream of economic development.

Each side could do well to ask questions that are unasked at the highest levels of policy-making: Why is it cheaper to invest exploitatively rather than sustainably? How can we tell the story of how we arrived at such a moment without resorting to the idea of a market as natural and fixed? Why is it easier to install consumer desire, even, or rather especially, when done ‘indirectly,’ than it is to address and curb it through ‘direct’ means? Does this tell us something about the culture we live in nowadays? Namely, that seemingly all around us, in the design of cities, in the structure of mass media or information technology, in apparently neutral infrastructure, are policies which feed and encourage, in perhaps unconscious ways, a drive for consumption, one which can seem to be endlessly refined once it starts to take hold but subsequently difficult to restrain? Is there something about the legal regime—in not just investment law proper but in more foundational ideas and rules about contract and property—which leads us astray when we try to develop policies that create a more just economy?

And finally, what does investment tell us about human desire? Is desire both malleable and fickle? That is, able to be constructed and directed but stubborn when asked to look after something other than its own perceived satisfaction? “Economics are the method; the object is to change the soul”—even the figurehead for the state’s ‘non-interference’ in the economy understood what is at stake in governing a market.⁴⁹ Something far more intimate and slippery than ‘economics as method’ openly acknowledges. Understanding what this might be requires desedimenting the language and premises which orthodoxy holds dear as a strict science. What we might unearth is a renewed scope for investment policy, a “field of action” hitherto unseen. A terrain—albeit a strange and sensitive one, rife with desire and conflict, wants and needs up for grabs—that makes visible strategies which before seemed unrelated to investment as we once knew it. [ORF](#)

ENDNOTES

1. These include articles such as Diana Farrell, Eric Beinhocker, “Next big spenders: India's middle class,” *Newsweek International*, May 19, 2007, <https://www.mckinsey.com/mgi/overview/in-the-news/next-big-spenders-indian-middle-class> to research reports such as Joshua Lu, Anita Yiu, Aditya Soman, “India Consumer Close-Up: Tapping the spending power of a young, connected Urban Mass,” Goldman Sachs, June 2016, <http://www.goldmansachs.com/our-thinking/pages/macroeconomic-insights-folder/rise-of-the-india-consumer/report.pdf> and reports from business school study tours such as Brett Southworth, Bronson Lingamfelter, “Great Expectations: The Rise of the Indian Middle Class,” *Chazen Web Journal of International Business*, Columbia Business School, 2008, https://www0.gsb.columbia.edu/mygsb/faculty/research/pubfiles/3021/Great%20Expectations_The%20Rise%20of%20the%20Indian%20Middle%20Class.pdf.
2. In fact, for Sudipta Kaviraj, “[l]iberalization might appear to be 'freeing the spirit of enterprise' of economic individuals and groups, but, contrary to ideological images of the process, there is nothing spontaneous or natural about it. Treating people as 'economic individuals' with atomistic self-interested inclinations is not a natural human trait but a cultural construct.” Sudipta Kaviraj, *The Trajectories of the Indian State*, Orient (New Delhi: Orient Blackswan Private Limited, 2012): 237.
3. This phenomenon of liberalization's prerequisite or accompanying transformation in thought, broadly conceived, has been treated a whole range of ways and not always referred to as or named liberalization as such. For example, some consider liberalization as a set of policies transforming, among other things, the attitudes of “major political actors, the bureaucracy, political parties, [and] pressure groups.” See Sudipta Kaviraj, *The Trajectories of the Indian State*, Orient (New Delhi: Orient Blackswan Private Limited, 2012): 240. Some other thinkers, however, remark on a phenomenon of “economic restructuring and neoliberal transition” which for them involves “the process of entrenchment of a market ethic, competition and commodification” as well as “the emergence of an enterprise culture.” See Nandini Gooptu, “Neoliberal Subjectivity, Enterprise Culture and New Workplaces: Organized Retail and Shopping Malls,” *Economic & Political Weekly* 44 (22), May 30, 2009. While for others, namely those discussing

“development” more broadly, a “body of research demonstrates how mindsets and social attitudes can be shifted to promote development...,” from The World Bank, “Yes, Culture Matters for Economic Development,” March 28, 2016, <http://www.worldbank.org/en/news/feature/2016/03/28/yes-culture-matters-for-economic-development>. Along this thread on the role of culture in development, others yet remark explicitly that “[f]rom a policy perspective, malleable aspects of culture are more interesting as they open up the possibility for intervention.” See Augusto Lopez-Claros, “What role does culture play in development?” The World Economic Forum, December 10, 2014, <https://www.weforum.org/agenda/2014/12/what-role-does-culture-play-in-development/>. For a more general argument on how economic life can be transformed, see Peter Miller and Nikolas Rose, “Governing economic life,” *Economy and Society* 19 (1): 1-31.

4. For a larger exposition of the argument about the role of expertise and common sense (among other things) in policy from which this article was inspired, see David Kennedy, “Challenging Expert Rule: The Politics of Global Governance,” 5-28 *Sydney Journal of International Law* (2005). Reprinted in *Corporate and Employment Perspectives in a Global Business Environment* Roger Blanpain, ed (Kluwer Law Int'l, 2006). For a discussion on liberalization policies and their transformation into public discourse and common sense in the Indian context, see Sudipta Kaviraj, “The Politics of Liberalization in India,” *The Trajectories of the Indian State*, Orient (New Delhi: Orient Blackswan Private Limited, 2012): 237.
5. Indeed, for Sridharan, the size of the middle class is up for debate, its definition “constrained by data availability,” and the income groups of the National Council for Applied Economic Research's data set (the Market Information Survey of Households) “based on arbitrary cut-off points.” E. Sridharan “The Growth and Sectoral Composition of India's Middle Class: Its Impact on the Politics of Economic Liberalization,” *India Review* 3(4): 405-428.
6. Meghnad Desai, The Slippery Attractions of the Middle Class in eds. Lancy Lobo and Jayesh Shah, *The Trajectory of India's Middle Class: Economy, Ethics and Etiquette* (Newcastle upon Tyne: Cambridge Scholars Publishing, 2015): 1.
7. *ibid*

8. E. Sridharan “The Growth and Sectoral Composition of India's Middle Class: Its Impact on the Politics of Economic Liberalization,” *India Review* 3(4): 405-428.
9. See Fernandes for whom the “political debate in both academic and public discourses” over “how can define or classify 'the Indian middle class'” “has been closely linked with the question of how to estimate the middle class consumer market in the context of state attempts to course foreign corporate investment.” Leela Fernandes, “Restructuring the New Middle Class in Liberalizing India,” *Comparative Studies of South Asia, Africa and the Middle East* 20 (1&2): 89.
10. “In India, as in other Asian countries, the expanding group of consumers with enviable purchasing power who can afford to purchase more than daily necessities has generated considerable interest in multinationals and Western companies. Saavala (2010: 9) pertinently observes that '[i]t is mainly the economists and marketing specialists who are intrigued by the number of potential consumers and thus would like to draw a precise estimate’” in Nita Mathur, “Shopping Malls, Credit Cards and Global Brands: Consumer Culture and Lifestyle of India's New Middle Class,” *South Asia Research* 30 (3): 211-231. In other studies, surveys are conducted or research cited which has the express or explicit focus of accounting size, estimated growth, and spending patterns of Indian consumers, particularly with regards to their brand consciousness and purchase of non-discretionary items, to develop “insights for global retailers” as in Arpita Mukherjee, Divya Satija, Tanu M. Goyal, Murali Mantrala, Shaoming Zou, “Are Indian consumers brand conscious? Insights for global retailers,” *Asia Pacific Journal of Marketing Logistics* 3 (24).
11. In India, the Boston Consulting Group (BCG) has measured the professional-affluent class as that small, “satisfied and occasionally indulgent” minority of households “who will nevertheless lead the nation with 26% of total consumption.” The “large-town next billion” are another BCG construct, a group they themselves claim to have “identified as an emerging force and [have] been closely tracking for more than 5 years.” Amitabh Mall, Kanika Sanghi, Abheek Singhi, and Arvind Subramanian, “The Tiger Roars: Capturing India's Explosive Growth in Consumer Spending” The Boston Consulting Group, February 2012, <https://www.bcg.com/documents/file97584.pdf>.

12. For Lobo and Shah, one “camp” of “contemporary on the Indian middle class” sees it “as having grown in terms of its sheer numerical strength and having established itself as a prominent consuming class that can be used as a case to prove the success of liberalization of the Indian economy even to the extent of the coming of a 'New India.'” Lancy Lobo and Jayesh Shah, “General Introduction” in *The Trajectory of India's Middle Class: Economy, Ethics and Etiquette* (Newcastle upon Tyne: Cambridge Scholars Publishing, 2015): 3.
13. Curiously, in Joshua Lu, Anita Yiu, Aditya Soman, “India Consumer Close-Up: Tapping the spending power of a young, connected Urban Mass,” Goldman Sachs, June 2016, <http://www.goldmansachs.com/our-thinking/pages/macro-economic-insights-folder/rise-of-the-india-consumer/report.pdf>, one can note in the foreword/introduction the note that “Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.”
14. In one Newsweek article posted on McKinsey's Global Institute, besides the “group [the authors] call the deprived,” there are “aspirers,” “seekers,” and “strivers” who are all defined with some relationship to consumption or to having finally arrived at discretionary consumption. as Diana Farrell, Eric Beinhocker, “Next big spenders: India's middle class,” *Newsweek International*, May 19, 2007, <https://www.mckinsey.com/mgi/overview/in-the-news/next-big-spenders-indian-middle-class>.
15. Johanna Moisander, Annu Markkula, and Kirsi Eräranta, “Construction of Consumer Choice in the Market: Challenges for Environmental Policy,” *International Journal of Consumer Studies* 2009/2010: 3
16. Daya Kishan Thussu, “Privatizing the airwaves: the impact of globalization on broadcasting in India,” *Media, Culture & Society* 21 (1999): 125-131
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18. Aimée Hampel-Milagrosa, Hauke Brankamp, Thomas Cremer, Alexander Haddad, Katharina Pannwitz, Franziska Wehinger, Sangeeta Agasty, and Tamal Sarkar, “Retail Foreign Direct Investment Liberalisation and the Transformation of Agrifood Value Chains in India,” Deutsches Institut für

- Entwicklungspolitik, 1-123, https://www.die-gdi.de/uploads/media/Study_95.pdf.
19. Rajeev Kohli, Jagdish Bhagwati, "Organized Retailing in India: Issues and Outlook," Columbia University, February 8, 2011: 1-39, <http://www.columbia.edu/~rk35/KohliBhagwatiAug18.pdf>.
 20. *ibid*
 21. Sukhpal Singh, "Implications of FDI in Food Supermarkets," *Economic & Political Weekly* 45 (34):17-20.
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 23. Sukhpal Singh, "Implications of FDI in Food Supermarkets," *Economic & Political Weekly* 45 (34):17-20.
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 30. Meenu Tewari, "Adjustment in India's textile and apparel industry: reworking historical legacies in a post-MFA world," *Environment and Planning A* Vol. 38 (2006):2325-2344
 31. *ibid*
 32. For a larger explication of the argument opening this section, see David Kennedy, "Challenging Expert Rule: The Politics of Global Governance," 5-28

Sydney Journal of International Law (2005). Reprinted in *Corporate and Employment Perspectives in a Global Business Environment* Roger Blanpain, ed (Kluwer Law Int'l, 2006).

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