INDIA’S OTHER PATH: DISORGANIZED CAPITALISM IN SURAT,
GARETT MENNING.

Article 145
Synopsis

The article is written by Garret Menning, a research fellow at the centre for South Asia studies at the university of California at Berkeley. The date/ period of writing is not clear.

The author points out that even in industrialized countries it is not uncommon to find examples of decentralized capitalism founded on flexible and lean manufacturing. Surat, the centre of production of synthetic textiles locally known as “art silk”, is amongst the largest of handful of rapidly growing centres of decentralized power loom industry in India. These centres have practically displaced the centralized mill sector. The author has challenged the “flying geese” model, which holds that developing nations follow paths of growth similar to those of countries just ahead of them in the economic ladder. He further argues that such simplistic models often ignore the deep-seated social cultural differences between societies that may have a major impact on their directions of economic change. He points out to certain strands of new research that have pointed out to the ongoing viability and adaptability of the family firm and networks based on caste and religious ties for the conduct of business.

The other issue brought forth is that decentralized and informal economy can be more competitive and efficient in certain types of production than more centrally organized manufacturing system. Informal economy is in no way subordinate to formal economy as is popularly assumed. In fact in Surat the informal aspects of the economy dominate.

The author concludes that if India has to enter the economic fast track. Its best hope may lie with this brand of disorganized capitalism. However the challenge is to overcome the problems of widespread corruption, poor pay and working conditions for the urban and labour force and decaying local infrastructure.