Capital, Community & Politics

A Study of the Provincial Business Class in Contemporary India

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Abstract

This thesis examines the politics of the provincial business class in contemporary India. This is the numerically preponderant class of business owners that operate in India's vernacularised, informal and provincial domain of economic life. Empirically, it focuses on the city of Surat in Gujarat, western India, and on business owners operating primarily in the diamond, synthetic textile, and real estate sectors.

Grounded in field research conducted between 2021 and 2022, the thesis explores several interrelated themes. First, it traces the evolution of Surat's urban economy, highlighting its informalised and socially embedded nature. It centres on business owners from the Saurashtra Patel community to explain how specific communities dominate the urban economy and diversify into new areas of accumulation. Further, by exploring the charitable practices of an influential segment of Patel business elites, I also demonstrate how economic capital is transformed into social power, bringing them closer to the state and politics.

Having drawn out the connections between capital and community, the thesis explores how the provincial business class engages with the state through collective action and their participation in local politics, as evidenced by the significant presence of businesspersons-turned-politicians in the city. I also examine the party-political affiliations of these business owners, especially situating this analysis within the contemporary context of an economic slowdown and agitations that have called into question the proximity between provincial business owners and the Bharatiya Janata Party (BJP), which has been the dominant political party in the city for over three decades.

Overall, I argue that, at a time of increasing business influence in politics in India, the provincial business class remains an overlooked yet key part of this story: through their dominant presence in India's vernacularised economy, involvement in caste-community life and politics, and their entrenched role in party politics and elections. By centring these mechanisms and domains through which the provincial business class's influence remains resolute, the thesis contributes to the growing scholarship on business and politics in India.

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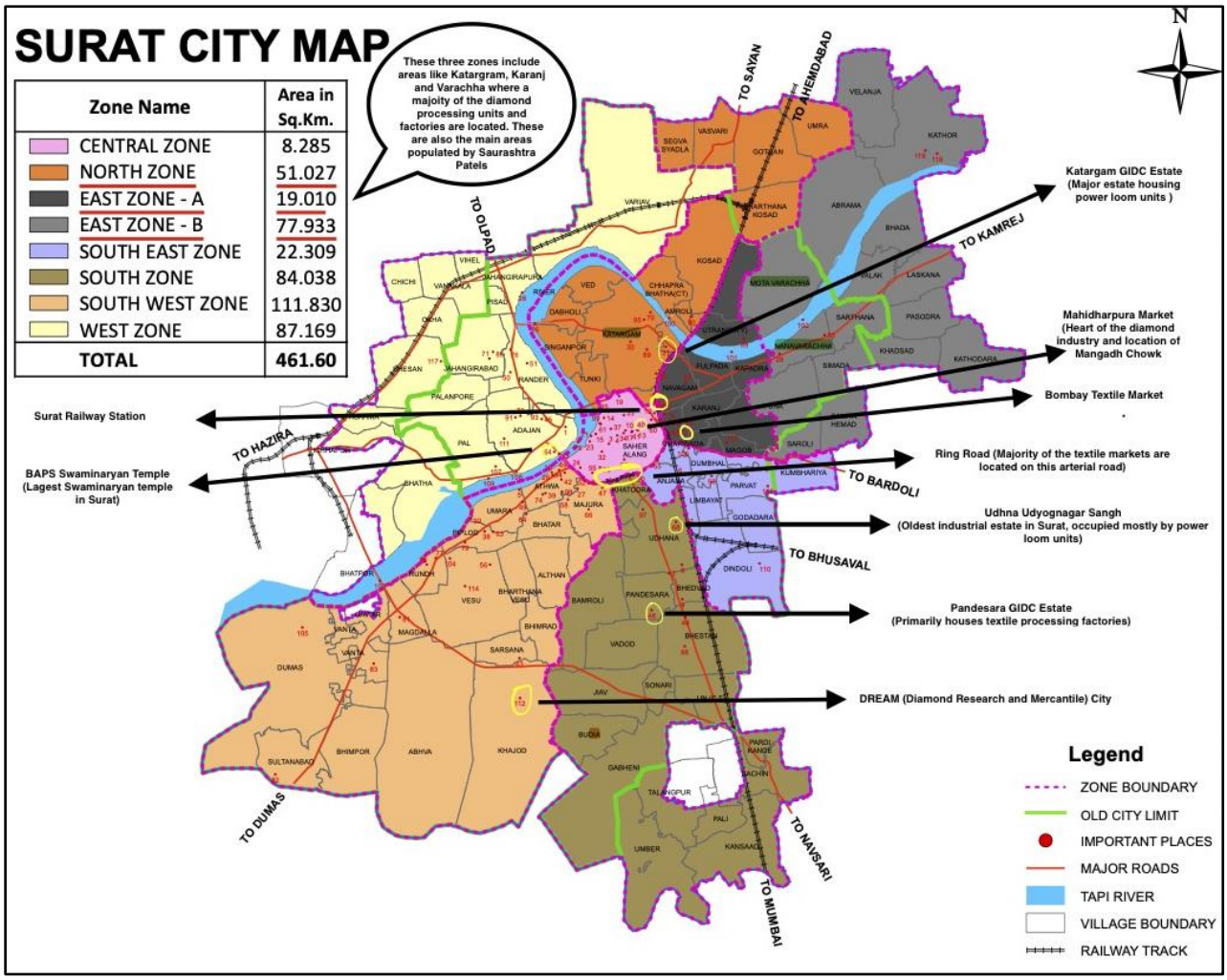

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INTRODUCTION

1. The Entangled Worlds of Business and Politics in India Today

After finishing an interview at one of the largest diamond processing factories in Surat in April 2022, the company's Public Relations Officer asked me to exit via the main reception to look at the company's most prized possession. As I entered the reception, what stood out, quite literally, was a life-sized statue of Narendra Modi, India's Prime Minister, at a prominent spot in the hall. Nudged by the receptionist to take a closer look at this statue, I walked up to it and read the signage at its base. It read that this statue of Narendra Modi was built to adorn the suit the Prime Minister wore when receiving the President of the United States of America, Barack Obama, in 2015. The group acquired it in 2016 following a widely publicised auction.

This suit created a massive controversy in the early years of Modi's first term as prime minister, as it carried monograms of his name in pinstripes (Bhatt, 2015). Interestingly, this suit was auctioned in Surat a year after this controversy. Most of the participants and bidders were business owners from the city, with businesses in diamonds, textiles, and real estate (Saiyed & Katesiya, 2015). After multiple bids, a famous diamond business baron bid an astronomical sum of 4.31 crores (43 million) to acquire this suit, entering the Limca Book of Records for this unique acquisition (Udayakumar, 2016). In interviews with the media after this successful acquisition, he stated that,

as a family, they were worried about the condition of the Ganga and, therefore, were determined to make a substantive contribution to the Modi government's clean Ganga program, which would be funded by the proceeds collected at the auction. To observers and laypeople in Surat, this act was one, in a series of such acts, of political obeisance that Surat's businessmen have long displayed vis-à-vis Modi and the political elites in the city and Gujarat in the past as well.[1]

This brief vignette captures a recurring theme in contemporary India's political life: the entangled worlds of business and politics. While the entanglement of business in India's political life has long been observed and studied, the figure of Narendra Modi and his rise to power, first in Gujarat in 2001 and then nationally in 2014, signalled a new phase in business-politics relations in post-independent India. As Chief Minister of Gujarat, Modi, through his pro-business government initiatives–that included liberalising land policies and providing various sops and tax breaks to big corporates–combined with his ethno-nationalist political repertoire, catapulted himself onto the national political stage (Jaffrelot, 2024; Sud, 2022).

Modi's ties to business, especially a select group of (big) business conglomerates, have shaped the conversation around business-politics relations in contemporary India. Perhaps less noted is the deep proximity and support he draws from provincial business owners in India's towns and cities. These are the businessmen who make up the more numerically preponderant segment of India's business class, operating firms and businesses in the non-corporate or informalised parts of the economy. Think of textile manufacturers, real estate developers, and diamond traders in cities like Surat, Aurangabad, Agra, and Pune, etc. These business owners, who are often overlooked in academic scholarship and public commentaries on business-politics relations, are a significant part of India's business class and, importantly, are usually the ones who have increasingly entered the domain of electoral politics in India since the 1990s (Sinha & Wyatt, 2019). Moreover, these are

[1] Interview with Yogesh, Journalist, Surat, 10 November 2022.

also the cohort of business owners who have historically supported the BJP and the broader Hindu Nationalist movement most consistently (Graham, 1990).

Several scholars have noted the political prominence of this business segment over the past decade. For instance, Devesh Kapur and Milan Vaishnav (2018) state in their study on the nexus of builders and politicians that "there is a widespread misimpression in India that titans of industry dominate this space [of business-politics relations]" (Kapur & Vaishnav, 2018). Instead, they argue that the interface between business and politics takes place at the "'mezzanine level'— [where] medium-sized firms and businesspeople who are reliant on routine government approvals [operate]" (ibid). Similarly, Gilles Verniers and Christophe Jaffrelot (2020), examining the socio-economic profile of India's elected parliamentarians in the 17th Lok Sabha, with a particular focus on the BJP, also make the point "Since 2014, the BJP has contributed to enhancing a particular form of [a political] elite –those rooted in local and regional business networks" (Verniers & Jaffrelot, 2020, p. 242). These observations capture the noticeable presence of the provincial segments of business. However, comprehensive and empirically grounded studies focusing on this class of business owners' economic, social, and political lives remain limited.

To address this gap, this thesis closely studies the provincial business class in contemporary India. It zooms in on Surat, Gujarat, focusing on the city's provincial business owners operating in the largely informal diamond, synthetic textile, and real estate sectors. Grounded in field research conducted in Surat between 2021 and 2022, the thesis examines three interrelated questions. First, how has the provincial business class adapted to economic changes in urban India since the 1990s? Second, what are the different modalities through which the provincial business class embeds itself in politics and engages the state in contemporary India? Third, what explains the proximity of provincial business owners to Hindu Nationalist politics, especially in the contemporary context of economic distress and agitations?

Examining these questions, the thesis first traces the evolution of Surat's urban economy from the 1950s to the present, highlighting its informal, small-scale, and socially embedded nature and the

emergence of the provincial business class. I specifically focus on the Saurashtra Patel business owners to explain how they have managed to dominate the city's diamond industry and subsequently ventured into new frontiers of accumulation, such as the real estate sector in post-2000s Surat. Second, I critically examine the charitable practices of the Patel business owners, which serve as a prominent pathway for converting economic capital into social power. Consequently, I show how such practices implicate them in the politics of caste-community assertions.

The third theme the thesis investigates is how the provincial business class engages with the state through collective action and participates in local politics, evidenced by the significant presence of businesspersons-turned-politicians in the city. Lastly, the thesis probes the proximity between the provincial business class and Hindu Nationalist Politics. This is examined against the contemporary context of economic uncertainties and political agitations–such as the Patel agitations for reservations and the anti-GST (Goods and Services Tax) protests–that have brought into question this longstanding proximity between provincial business owners and the Bharatiya Janata Party (BJP) in a city like Surat. By adopting a bottom-up and interdisciplinary approach to studying this provincial yet powerful segment of business, this thesis contributes to the growing body of scholarship on business and politics in contemporary India.

The rest of this Introduction is organised as follows. I first place this thesis in its broader scholarly context. I critically discuss the three sets of scholarship on which this thesis builds. Section 3 outlines why I chose to zoom in on Surat, the field setting from which the thesis's empirical data is drawn. Thereafter, I explain my conceptualisation of the term provincial business class in Section 4, before providing an overview of the chapters in the final section.

2. Foundations & Contributions: The Thesis in Its Scholarly Context

This thesis draws on three sets of scholarship to frame its empirical and analytical explorations. First, I discuss the scholarship on the political economy and economic sociology of the rise of the provincial business class. Given that this is a numerically preponderant and regionally dispersed segment of India's business class, I discuss a wide-ranging body of scholarship that has sought to understand and explain the emergence of this class of provincial business owners. The second strand of literature I discuss is that which helps us understand the politics of provincial business owners. Lastly, the third set of scholarship I discuss underlines the engagements between the provincial business class and Hindu Nationalist politics. This section, therefore, helps lay out the scholarly backdrop of this thesis while also flagging how it engages with it.

The Provincial Business Class: Past, Present and Future

In analytically marking out the provincial business class, I begin by discussing historical studies highlighting the economic and political significance of commercial groups, such as traders and merchants, from the 18th century onwards. C.A. Bayly's *Rulers, Townsmen and Bazaars* (2012) is perhaps the anchor point of such studies, documenting how, in the context of north India between the 1770s and 1870s, a homogenous merchant class operating around various town centres became crucial "ligaments" between agrarian society and the emergent colonial state (Bayly, 2012, p. 9). Additionally, by the time of the 1857 revolt,[2] a more interventionist colonial state had emerged, as evidenced by the construction of canals, railways, the development of new banking institutions, and the expansion of export trade. Despite the transformations in the nature of colonial rule and the economy at large, the corporate institutions of the merchant class were modified yet remained the "basis of the commerce and political life of the later colonial period" (Bayly, 2012, p. 10).

[2] The Revolt of 1857 was a major uprising against the British East India Company's rule in India. It began as a mutiny of sepoys, Indian soldiers in the British army, but soon expanded to include various social groups and regions. The revolt started in Meerut on May 10, 1857, and eventually spread to other parts of Northern and Central India. It would eventually be crushed with the British crown formally taking over the control of India in 1858.

This pattern was also evident in other parts of colonial India–from Punjab in the north to former entrepots like Surat in the west. Richard Fox (1984), studying the emergence of the intermediate classes (merchants and traders) in colonial Punjab, documented how the increasing monetisation of the agrarian economy consolidated their power. Following the British takeover of Punjab in 1849, the colonial state's modus operandi became cheap governance and maximum revenue (Fox, 1984, p. 464). Bound by this approach, the colonial state made minimal investments to improve productivity while extracting maximum revenues from the agrarian economy. The commercialisation of the countryside necessitated a class of moneylenders and merchants who provided credit to peasants. By the end of the 19th century, they had become a powerful class of intermediaries in the towns and cities of colonial Punjab (Fox 1984, pp. 464-467).

This reordering of the agrarian economy would lead to a wave of traders and merchants migrating to cities such as Bombay and Calcutta, thereby connecting the rural countryside to these urban centres (Markovits 2008, p. 174). Furthermore, in western India, cities like Surat, a notable commercial entrepot in the 17th and 18th centuries, would be linked to the new metropolitan centres, such as Bombay, through these traders and merchants. Although a city like Surat was no longer a major trading port, the city continued to support a significant textile manufacturing base led by weaving communities such as the Khatris, along with a considerable number of financiers and traders. Traders and merchants, both from the local Jain and Vaniya communities and from outside, connected these artisan households with various urban markets, which were essential for the survival of local artisan communities and the textile industry in the city (Haynes 1991, pp. 37-40). This also laid the foundation for the city's industrial transition beginning in the early 20th century (Haynes, 2012).

By the beginning of the 20th century, the nature of these provincial mercantile groups or classes transformed as older business and banking families were replaced by a new set of entrepreneurs and business communities (Markovits, 2008, pp. 172-174). Notably, by this time, an economically and politically powerful stratum of Indian-owned big businesses and industrialists had emerged, with many following the "bazaar-to-factory" route (Damodaran 2008). Despite this change, a

sizeable middle segment of merchants and traders continued to thrive and expand. After 1920, the colonial state adopted a policy of reserving certain products and industries for local entrepreneurs, such as steel, cotton textiles, sugar, and basic industrial goods, allowing this class of business owners to expand gradually (Markovits, 2008, p. 174).

Political and economic developments from the 1940s onwards would usher in a period of expansion and diversification of the provincial business class in different parts of India. The first was the policy of promoting small industries. This initiative to encourage the small-scale sector was a legacy of the late colonial period. By the 1930s and 1940s, the exigencies of the Second World War compelled the colonial state in India to support the growth of small-scale industries that could provide intermediate goods essential for the war effort. In addition to meeting war requirements, this policy also tackled the increasing "political" issue of unemployment in towns and cities (Tyabji, 1989, pp. 121-122).

Continuing with this policy, now influenced by a Gandhian perspective on a small-scale path of economic development, Indian planners and political elites in the late 1940s and early 1950s ensured that one of the post-colonial state's primary focus areas was the development of the small-scale sector. At the time of independence, while India was already home to a sizeable segment of Indian big business houses and firms, the government of the day put in place the Indian Small Industries Policy to develop the home market for producing labour-intensive consumer goods and create a class of small capitalists which would cater to it (Tyabji, 1984, p. 1425).

Reflecting this orientation, the Industrial Policy statement of the Government of India, published in 1956, outlined a prominent role for the small industries sector. Industrial policy statements reiterated this policy stance in 1977 and 1980 (Roy, 2013, p. 47). This policy framework included various forms of capital subsidies, tax benefits, and more accessible credit from banking and non-banking institutions for small-scale units and firms. A range of products was also reserved for production in this sector. For instance, under the first five-year plan, the newly formed Planning Commission drafted the Industrial Development and Regulation Act (IDRA). On the objectives

of this Act, Nasir Tyabji (1980) noted, "The IDRA defined the type of industrial unit which would be subject to state control and the methods of control to be exercised" (Tyabji, 1980, p. 1722). The Act stated that industrial undertakings were required to register themselves with relevant government authorities and that any plans for expansion or relocation would have to be approved by the government authority.

This regulative architecture, which was part of the planned industrial development policies of the post-colonial state, would inadvertently leave out a growing stratum of small and medium-sized industrial and non-industrial firms that had begun to emerge across different parts of India. In states like Gujarat, this emergent stratum of business owners operating small-scale firms was also encouraged by the sub-national government, led by a business-friendly bureaucracy (Sinha, 2005a; Streefkerk, 1997). The state actively encouraged these small-scale entrepreneurs by setting up institutions such as the Gujarat Industrial Development Corporation in 1962 or the Gujarat Industrial Financing Corporation (GIFC). Such forms of government support were aimed at mobilising and making access to capital easier and at building industrial infrastructure centred around the growth of small- and medium-scale manufacturing or service-oriented clusters. Consequently, Gujarat's industrial base rapidly expanded as this small-scale industrial sector developed between the 1960s and 1970s (Sud, 2012, 49–50).

Similar studies published in this period document the development of this emergent class of "small-scale" entrepreneurs in smaller towns and cities such as Tirupur, Coimbatore, Valsad, and Ludhiana (Engelshoven, 1999; Gorter, 1996; Harriss, 1982; Holmstrom, 1999; Streefkerk, 1997; Tewari, 1998). Clusters of knitwear, textiles, leather, small engineering works and diamonds emerged in these cities and towns, spurring the formation of this middle segment of capital and business owners. Importantly, these studies pointed to a distinct trend in the sociological backgrounds of this class of entrepreneurs. This was the entry of non-mercantile caste and community groups within this growing stratum of provincial business owners. In South Gujarat, for example, Hein Streefkerk (1997) documented how, with the setting up of small-scale workshops in the 1940s, many people from non-mercantile backgrounds came to work in these

workshops. This included people from artisan castes such as *suthars* (carpenters), *luthars* (smiths), and *kansaras* (coppersmiths), many of whom eventually transitioned into small-scale capitalists in the post-independence period (Streefkerk 1997, p. M-5).

The other significant political-economic development between the 1950s and 1990s was the transformation in the agrarian countryside brought about by the green revolution.[3] The regionally uneven impact of the green revolution led to the accumulation of surpluses in the rural economy, especially among farming communities owning land, mostly belonging to historically dominant agrarian castes like the Jats, Kammas, or Patels, who owned agricultural land in states like Gujarat, Punjab, or Andhra Pradesh. Consequently, this surplus fuelled the rise of this middle stratum of business owners, diversifying into the non-farm economy and entering the burgeoning small-scale sector in the countryside and urban areas throughout the 1970s and 1980s. Conceptualised variously as "rural capitalist entrepreneurs" (Rutten, 1995) or "farmer-capitalists"(Upadhya, 1988), this cohort of agrarian capital-wielding business owners formed a part of this growing middle stratum of business owners in states like Punjab, Gujarat, Tamil Nadu, and Andhra Pradesh.

Mario Rutten's study, for instance, documents the rise of a class of agrarian capitalists and small industrialists in the Kheda region of central Gujarat. He shows how, in the post-green revolution period, a class of "rural capitalist entrepreneurs" (Rutten, 1995, p. 234), drawn from the Leuva Patidar community, had emerged by reinvesting and diversifying the surplus from agriculture into the agro-commercial and industrial sectors. Similarly, in the context of coastal Andhra Pradesh, Carol Upadhya (1988, 1997) documented the rise of "farmer capitalists", who were part of a broader category of a single regionally dominant class comprising the Kammas, a dominant agrarian caste group. Mapping a long regional history of transformation, Upadhya showed how

[3] The green revolution refers to a set of policies implemented by the Indian government in coordination with international institutions, like the Rockefeller Foundation, in the 1960s and 1970s. These policies were premised on adopting High-Yielding Variety (HYV) seeds and increased government support for capital-intensive, mechanised modern farming techniques. This led to increased production of crops like wheat and other cash crops, leading to increased agricultural surpluses. While the green revolution's most discernible impact was seen in the predominantly wheat-growing farmers in India's northwest (western Uttar Pradesh, Haryana, Punjab), its impact was also visible in parts of Gujarat, Tamil Nadu, Andhra Pradesh and Karnataka.

this class emerged over the 20th century primarily because of "its monopoly over agricultural land, its increasing entrepreneurial activities in other sectors of the local economy, its entry into white-collar occupations and the professions, and its rising political power" (Upadhya 1997, 170–71). Importantly, she argued that this class "consolidate[d] its economic power only following the green revolution of the 1960s and 1970" (ibid).

These studies, read together, documented the growth of what has been variously conceptualised as the intermediate class, fraternal capitalists, small capitalists, and regional capitalist class (Tyabji, 1984; Upadhya, 1997; Rutten, 1995; Harriss-White, 2003; Chari, 2004). The diverse geographical and social makeup of this group of business owners partly explains the multitude of concepts and terms used to describe and analyse this segment. Despite these differences, these works, by focusing on the rural-to-urban transitions of communities such as the Kammas, Marathas, Patels, and Jats, highlighted how this class of business owners' rise resulted from regional differentiation in capitalist development in post-colonial India, further influenced by the Green Revolution, which saw some regions experiencing the rise of more powerful and well-organised regional business groups and classes (Baru, 2000, pp. 208–214). The interplay of regional economic development, social structures, and political dynamics contributed to the emergence of this numerically dominant and provincial segment of business owners across various parts of India by the 1990s.

Over time, these provincial segments of business owners–operating across the rural-urban divide–have become "permanent features of Indian capitalism" (Harriss-White et al. 2019, p. 218). Unlike big business or corporate capital, the size and nature of this business segment have been challenging to map using large-scale survey data (Harriss-White et al., 2020a, p. 214). Yet, one analytical method to underline its permeance is the presence of the informal economy, or the "India of 88 per cent" (Harriss-White, 2003). The informal economy comprises all economic activities that are unregulated by the state. It is the domain occupied by the large mass of informalised labour, petty commodity producers, and, importantly, the numerically preponderant and often small-scale firms that usually operate outside the state's regulative reach. Here, it is essential to note that while entire circuits of production and exchange are informalised, even firms

and practices in the so-called formal domains of the economy and in the formal sector are also informalised at various levels (Harriss-White, 2003, pp. 4–7). This informal economy remains a dominant part of India's economic life. A recent study estimates that in terms of a share of the total GVA[4], the informal sector contributed more than 52.4 per cent in 2017-8, with this share of the informal economy remaining stable between 2011-12 and 2017-18 (Murthy, 2019). Moreover, sectors such as agriculture, trade, construction, and real estate are significantly informalised. For example, the informal sector's share of trade and other services is over 86.6 per cent (ibid). In these informalised parts of the economy, provincial capital holds sway.

As this segment of business owners remains an important economic stratum in India's socio-economic life, more research is needed to understand and analyse how the transformations in India's economy since the 1990s have shaped the economic diversification of provincial capital. How have different segments within this class transformed, especially as newer accumulation frontiers, such as real estate, took off since the 1990s? Similarly, what explains the preponderance of dominant caste-community groups, such as those comprising this stratum of provincial business class? This thesis attempts to answer some of these questions. I do this with a focus on Surat, whose urban economy is primarily organised around highly informalised economic clusters of synthetic textiles and diamond processing, dominated by provincial segments of capital. By tracing the emergence of this provincial segment of business operating across these two clusters between the 1960s and 1990s, I demonstrate how economic change since the 1990s has led specific segments to successfully find their place in emergent frontiers of accumulation, such as the real estate sector.

Precisely mapping the development of the diamond processing cluster and focusing on one caste community that is predominant within this class, the Saurashtra Patel business owners, I demonstrate how, with the real estate turn in the economy in Surat, many Patel business owners have come to dominate this zone of accumulation. I argue that their informalised business

[4] GVA (Gross Value Added) measures the contribution to the economy of each individual producer, industry, or sector in a nation.

practices and socially embedded capital, rooted in dense social ties of caste and kinship, have allowed them to gain control over the diamond cluster and move towards new frontiers of the post-2000s urban economy.

In examining this transformation, the thesis engages a related theme: the relation between capital and caste in contemporary India. While much of the literature cited above has focused on the agrarian roots of provincial capital as it moved into urban centres and cities, this work traces how a non-agrarian accumulation pathway has led to the emergence of an influential segment of Surat's provincial business class. In mapping this change, I contribute to the scholarship examining the relationship between social structures such as caste and capital in contemporary India (Mosse, 2020; Upadhya, 2023). Paying close attention to the role of caste in this process of economic change, what I show through the case study on the Saurashtra Patel business owners is a dynamic process through which caste and capital are co-constituted by each other, instead of previous caste-based ties and identities merely transposing from the rural countryside into the city and acting as social networks facilitating accumulation.

Politics of/and the Provincial Business Class

Over the past decade, several studies have underlined the increased power and presence of business in India's political life. The origins of this growing power have been traced to the changes in India's economy in the 1980s and 1990s following the adoption of "pro-business" policies (Jaffrelot et al., 2019; Kohli, 2012). This has been analytically understood from a structural and instrumental perspective. For instance, Kanta Murali (2019) has argued that owing to the broader political-economic shift following the liberalisation of economic policies in India, governments have become structurally dependent on the private sector to deliver economic growth. With a key political objective of the post-independent Indian state—redistribution, achieved via the planning and regulatory mechanisms of the government—being de-centred by the objective of economic growth, driven primarily by private business and its investments, the influence of (big) business over economic policymaking has deepened. Combined with this, the threat of "capital flight" in

the face of adverse policy decisions taken by governments and the competition to attract business amongst sub-national governments in the post-1991 period has led to the structural enhancement of business power in contemporary India (Murali, 2019, pp. 25-49).

From an instrumental perspective, the power of business has been most visible in the increasingly porous nature of the state in India, vis-à-vis business interests and actors. As Aseema Sinha (2019) has argued, there has been an increasing porosity between business and politics in post-liberalisation India. This has been observed in the movement of businesspersons into elected legislatures at both the sub-national and national levels (Sinha, 2019, pp. 50-94). Ronojoy Sen's (2023) study on the changing composition of the Indian Parliament found that till the 9th Lok Sabha (1989-1991), no MP identified their occupation as "business", even though the category of traders/industrialists existed (Sen, 2023, p. 94). In contrast, in the 17th Lok Sabha (2019-2024), 154 out of the 543 Members of Parliament (MPs) list "business" as their occupation (Sinha &Wyatt, 2019, p. 125). The increasing presence of businesspersons in politics is also viewed favourably by the electorate, as a recent survey published by the Pew Research Centre on representative democracy showed that 55 per cent of all respondents believed that governance and policy-making would improve if more businesspersons were elected to office (Pew Research Center, 2024, p. 46).

Taking a cue from this scholarship and these observations, this thesis examines and unpacks the nature of the entanglements between business and politics, with a particular focus on provincial segments of business owners. As most studies have paid close attention to the increasing symbiosis between (big) business and politics in the national domains of India's political life, business power has been conflated with big business and its influence at the apex levels of India's political and economic life. Undoubtedly, the billionaire class in India strongly influences India's political life today, most visibly symbolised by the likes of Gautam Adani, the ports-to-utilities tycoon and a close political ally of Narendra Modi (Jaffrelot, 2019). However, what remains underexplored is the role of the provincial segments of capital, which remain especially important at the sub-national and local levels.

The acknowledgement of the political importance of this middle segment of business can be traced back to studies published in the 1970s, as a strand of political economy research on the "intermediate class" and the "intermediate regime" emerged. The theory of the "intermediate regime" was propounded by the Polish economist Michal Kalecki in the 1950s and subsequently adapted to the specific Indian conditions by K.N. Raj (1973) and P.S. Jha (1980) to explain a period of stagnation in India's growth between the mid-1960s and 1970s. Not digressing into the specificities of this theory, what is relevant is that the "intermediate classes" denoted occupational groups such as small landowners, merchants of rural and semi-rural townships, small-scale manufacturers, and retailers that had emerged as powerful economic agents across India's agrarian countryside, towns, and cities (Harris-White, 2003, p. 43).

P.S. Jha, in his work *India: A Political Economy of Stagnation* (1980), analysed the political role of this class to explain the policies of the Indian government that favoured the small-scale sector and, in his judgement, led to a period of economic stagnation. Jha contended that with the rise of the small-scale sector, such as the power loom sector, an increasing number of Members of Legislative Assembly (MLAs) and Members of Parliament (MPs) within the Congress Party came from this class of small businessmen. This position of leverage allowed them to shape policy favours, such as controls on the expansion of large mills or the imposition of price controls on various consumer goods, favouring the businesses run by members of this class of business owners. These groups also organised their interests through local chambers of commerce and industry bodies, which invariably had offices in Delhi to lobby the central government and its ministers, who were the preeminent executive powers dictating policy in this period (Jha, 1980, p. 115).

Jha also explained the rise of opposition groups such as the Jan Sangh, especially in parts of urban Uttar Pradesh and Delhi, as a result of the support it received from these provincial business groups, affording a pivotal place to this class in shaping economic policy and electoral patterns (especially in urban contexts) in the 1960s and 1970s. Similarly, on the policy front, citing licensing and price controls, a chief characteristic of governments in this period, Jha argued that the state enabled the proliferation of small firms. For Jha, the nationalisation of banks in 1969 was a

response by the Indira Gandhi-led Congress to reach out to this class of small industrialists and landowners, ensuring they were weaned away from oppositional politics and parties like the Jan Sangh (Jha, 1980, p. 119). This, he argued, also explained why opposition groups like the Jan Sangh, which had attracted this class of small business owners, could not further consolidate their support as a result of Congress's moves against big business through a range of policy measures in the early 1970s, such as the introduction of the Monopolies and Restrictive Trade Practices (MRTP) Act.

Jha's central focus on the intermediate class and its political role in shaping policy and election outcomes, while providing critical analytical insights, did not spur widespread research agendas focusing on this segment of business and its politics. From the mid-1990s, however, sociologists and political scientists revisited the political significance of this class. These studies were, in part, an attempt to understand the various dynamics behind the regionalisation of India's politics, marked by the rise of regional political parties. Some of the studies discussed in the previous section, such as those authored by Carol Upadhya (1997) or Pieter Gorter (1996), drew attention to the growing political importance of this class in the local or regional political domains.

Based on these regional studies, Sanjaya Baru (2000) argued that the rise of "regional capitalist classes" in states such as Andhra Pradesh and Gujarat was instrumental in the regionalisation of India's polity. This was most expressly manifest in the rise of regional parties such as the Telugu Desam Party (TDP) in Andhra Pradesh. Baru (2000) contended that this was explained by the inability of the national government and the centralising party of dominance between the 1950s and 1980s, the Congress, to respond to their interests sufficiently (Baru, 2000, p. 225). Therefore, by leveraging their access to local and sub-national politics, this segment of business emerged as the backers of new regional parties, such as the TDP in Andhra Pradesh. Radhika Desai (2011), in a similar political economy analysis, shows how, in a state like Gujarat, the rise of the BJP would be built on its successful capture of the regional business class's support (Desai, 2011).

More recent studies continue to underscore the influential role of regional business groups or the provincial business class in shaping state policy (Kohli, 2012; Mahmood, 2017; Murali, 2017). For

instance, Kanta Murali (2017), building on the work of Atul Kohli (2012), examines why certain states adopt more business-friendly or growth-friendly policies than others. Taking a comparative perspective and tracking the political-economic trajectories of 14 sub-national states, Murali links policymaking to electoral social coalitions, with a focus on the inclusion/exclusion and strength of the regional business class. In developing a four-fold typology of social coalitions that dominate each state's political settlement, Murali points out that a "narrow capitalist coalition" exists in states such as Gujarat. This is a social coalition of dominant upper-caste and class groups and business interests, comprising the Brahmins, Baniyas, and Patels. This coalition of interests, Murali argues, explains why pro-business policies (as opposed to redistributive policies) are implemented in a state like Gujarat.

Studies have also been conducted with greater empirical depth to track state-specific trajectories of business-state relations (Jaffrelot, 2019; Sud, 2012; Harriss & Wyatt, 2019; Kale, 2019). In Gujarat, for instance, business-state ties have historically been characterised by close cooperation, where powerful business interests, entwined with caste power, have shaped the state's economic policies. While Gujarat's sub-national bureaucracy has played a key role in facilitating these close ties (Sinha, 2005), business groups, particularly the provincial segments, have played important roles in shaping policy, responding to their areas of interest and changing economic situations. Several studies have documented this in Gujarat (Das Gupta, 2019; Desai, 2011; Sud, 2012; 2021). For instance, Nikita Sud's long-term research on the state's shifting land policies between the 1960s and 2000s shows how these shifts were closely tied to the evolving political-economic priorities and demands of provincial business groups and communities (Sud, 2012; 2021).

These studies have helped to explain why certain states have implemented pro-business policies while others have taken a different path. However, the focus has been chiefly on the state's policies, shaped by the social coalitions commanded by the governing party and the level of regional business support it draws. Although they help explain sub-national political trends that aid in estimating the growing power and role of business in shaping policy beyond the apex of India's political economy, there is further scope to examine business, particularly its social and political

practices and interests. As discussed in the previous section, given the diversity of business interests, a multidimensional and bottom-up study of how members of the provincial business class interact with the state and politics remains unaddressed. What needs further examination are the mechanisms and modes through which businesses, especially at the local level, engage with the state and embed themselves in the political processes. Questions regarding the strength and organisation of business collectives of regional businesses, or the role of local businesspersons who have turned politicians, which have been on the rise, fall outside the scope of the studies discussed thus far.

From a different disciplinary perspective, a rich body of work addresses the politics of this class of business owners in the market. These studies document the various strategies through which accumulation and power intersect in the domain of the economy and where the provincial business class often asserts its power (Amirali, 2017; Harriss-White et al., 2020a). For instance, Barbara Harriss-White (1996; 2003), drawing on her longstanding research on these segments of capital or the "intermediate class", points out how the politics of markets have allowed these groups to act as powerful political and economic agents. These market politics include economic practices that impose non-competition and market segmentations, and the penetration of the local state to "manipulate" policy implementation. They also defend their interests through collective action and through many corporatist associations that combine business and, often, caste interests (Harriss-White, 2003, p. 69).

While this political economy literature provides an insightful analytical and empirical base that helps to locate this class of business owners and why they assert influence and power in India's largely informalised economy, both in the urban areas and in the rural countryside, this thesis brings into focus the politics of the provincial business class as it plays out and intersects with the social and party-political domains. In doing so, it complements studies which take this political economy approach and investigate the power of business using the framework of markets or capital-labour relations in the workplace. Focusing on a single urban context, this thesis demonstrates how provincial segments of business embed themselves in politics by examining the

links between business power and social power (of caste-community groups). Given the co-constitutive relationship between capital and caste, I demonstrate how provincial businessmen convert business power into social power, embedding it in the political and social life of the community.

Further, in analysing how this provincial segment of business engages the state, I draw on the theoretical and analytical insights of scholars who have underlined the porous or networked nature of the state (Evans, 1995; Harriss-White, 2003; Sinha, 2019; Sud, 2017). These studies have helped us understand that the state in India, as an entity of executive and political power, is not an atypical Weberian entity, standing above society and ensconced by rational-bureaucratic rules and legality, but is deeply embedded within society. For instance, Nikita Sud (2017) emphasises the networked nature of business and the state in relation to changing land policies and the real estate sector in Kolkata. She argues, "The interaction of the state and sub-national capital can be understood along vertical dynamics of scale, but also, importantly, along horizontal, networked dimensions" (Sud, 2017, p. 84).

Given the mediated nature of the state and the patronage character of India's democratic politics (Piliavsky, 2014), I examine this informal aspect of business-state relations through the figure of the business politician.[5] As mentioned in the first section, Aseema Sinha (2019) and other scholars have noted the rise of such business politicians at the subnational and national levels. In this research, I also underscore the dominance of businessmen in local politics. Focusing on one such political figure, I centre a granular view of the trajectories these businesspersons take from business to politics and their mediating role between different business networks, labour, and the state in the context of Surat and its diamond industry.

[5] By "business politicians", I refer to politicians with active business interests and declare so in their official election affidavits, if and when available. Given that the occupational details of politicians are often difficult to ascertain due to a lack of transparent data, I also rely on field research based on publicly available records, such as journalistic reports or interviews, when referring to business politicians.

Taken together, the politics of the provincial business class can be plotted on a spectrum ranging from the "micro-politics of self-making" (Gooptu, 2016) to collective politics (as a social class). Analytically, a distinction between politics, with a small "p", and Politics, with a big "P", (Sud 2021, 133; Kerkvliet 2009) helps to unpack the different domains and issues animating business-politics relations. While politics corresponds to the everyday and micro-level domains and practices, Politics refers to the public domains of political life and the state, and is commonly associated with the domain of collective action and engagement with the state, political parties, and elections in the Indian context. I avoid an instrumentalist view that sees business actors as only rational, unencumbered selves who engage in politics to further their business interests. Instead, as I demonstrate in this thesis, the political actions of businesspersons are explained by analysing the interconnections between their social, economic, and political lives. Thus, caste-community locations, the micro-politics of self-making, clientelist ties, partisan orientations, and ideological affinities are all part of a portfolio that shapes how businesspersons "do politics".

To summarise the discussion in this sub-section, the literature on the provincial business class and its political role reveals a rich yet fragmented field of study, with many scholars addressing different aspects of business-politics relations. While early works paid attention to the "intermediate class" and its role in shaping policy that, in the long run, caused stagnation in the economy between the 1960s and 1970s, contemporary studies have highlighted the continued importance of regional capital in shaping sub-national political and economic landscapes. However, significant gaps remain despite recognising the provincial business class's role in influencing state policies and electoral politics in sub-national domains. Much of the existing scholarship tends to take a top-down view of business-state relations, leaving the local processes and mechanisms of business engagement with politics underexplored. The thesis then fills these gaps by offering a bottom-up, grounded analysis of business-politics relations in the context of Surat. It also explores another aspect of the politics of the provincial business class: its party political affiliations and, specifically, its relationship with Hindu Nationalist politics in contemporary India.

The "Original Reference Groups" of Hindu Nationalist Politics

This brings me to the third set of scholarship this thesis engages with. This relates to the relationship between the provincial business class and the Hindu Nationalist movement.[6] Historically, this movement and its party-political wing, first the Jan Sangh and later the BJP, have attracted support from these groups of businesses in specific regions. The Jan Sangh, for instance, came to be characterised as the *Brahmin-Bania* Party, indicating its upper-caste (brahmin) and mercantile social base (Graham, 1990). While historical studies on the Hindu Nationalist movement underscore the mercantile roots of Hindutva, recent scholarship has paid limited attention to understanding why the BJP continues to draw support from these sections of business owners. This thesis, therefore, fills this gap by explaining why the proximity between the provincial business class and the BJP endures, especially in the contemporary period.

The emergence of Hindu Nationalism and its mercantile roots can be traced back to the developments in the 19th century. As C.A. Bayly's (2012) work discussed earlier underlines, "intermediate groups" –such as traders and merchants, along with the service gentry- became influential groups across towns and cities in the 19th century. However, this mobility also upset the existing social order, with the "bodies of entrepreneurs and property-owners [not being] well accommodated within the older relations of ranking and precedence" (Bayly, 2012, p. 412). Consequently, an identity crisis emerged for the mercantile communities, reflecting the "classic tension in Hindu society between upward social aspiration and downwardly imposed order" (Lutgendorf, 1991, p. 423). Out of these social tensions arose revivalist and reformist Hindu organisations and sects, such as the Arya Samaj, the Sanatana Dharma Mahamandal, and the Hindu Sabha (Gooptu, 1997, p. 880). These socio-political trends gradually congealed into the organised

[6] The Hindu Nationalist movement, centred on the ethno-nationalist ideology of Hindutva, is a socio-political movement that seeks to undertake a root and branch transformation of India into a nation-state fundamentally defined by the majoritarian supremacy of the putative Hindu community. The goal of the movement is the setting up of a socially conservative political order ("Hindu Rashtra") that privileges the position of members of the "imagined" Hindu community while relegating the rights and place of minority religious groups (Muslims and Christians, chiefly). Historically, the movement has been an ideological-political challenger to the constitutional principles of civic nationalism, federalism and secularism that the founding members of the Indian Republic enshrined in the Constitution following the anti-colonial movement in the early to mid-20th century.

politics of Hindu Nationalism with the eruption of mass political action and an upsurge in nationalist politics in the early 20th century. This "Sangathanist" phase of Hindu Nationalism found its ideological home in the Rashtriya Swayamsevak Sangh, which was established in 1925 (Jaffrelot, 1993).

From its beginning, the Brahmin, upper-caste and mercantile caste groups were at the centre of the RSS's activities. Reflecting a division of work, while the likes of K.B. Hedgewar and Vinayak Savarkar sharpened the ideological blueprint of Hindutva (Sharma, 2011), the financial support needed for its propagation came from an influential segment of mercantile capital. For instance, journals and publications such as *Kalyan*, published by the Gita Press in Gorakhpur, present-day Uttar Pradesh, were set up by two Marwari businessmen-turned-spiritualists (Mukul, 2015). *Kalyan* became one of the chief organs through which the ideas of Hindutva spread throughout the Hindu-speaking public in northern and western India, as is richly documented in Akshaya Mukul's *Gita Press and the Making of Hindu India* (2015).

At the time of Indian independence in 1947, a report authored by a CIA agent suggested that the RSS had close to 1,000,000 members, mainly from the northern states of present-day Delhi, Uttar Pradesh, Bihar, Madhya Pradesh, and parts of Maharashtra and Gujarat (Curran, 1950, p. 96). Its appeal, notably, was most potent amongst the urban propertied classes. As Curran would note, this section was numerically small but socially influential, and what attracted members of this class to the RSS was the organisation's religious emphasis (Curran, 1950, p. 96). Douglas Smyth (1972) would make a similar observation, arguing that militant Hindu nationalism was an expression of alienation from the ostensibly secular Indian political system. It was a way for the "[urban] middle class, the educated unemployed, and the disappropriated elite to reassert themselves while rebelling against secularising and urbanising forces" (Smyth, 1972, p 323).

After facing a ban following the murder of Mahatma Gandhi in 1948 and devising ways of political rehabilitation in its aftermath, the Hindu Nationalists entered the electoral arena with the formation of the Jan Sangh in 1951. Although facing limited electoral success between 1952 and

1967, the social profile of the Jan Sangh affirmed that it found its most influential social base among sections of the urban propertied classes. In one of the authoritative works on Jan Sangh, Bruce Graham (1990) notes that Jan Sangh's focus was "a cluster of urban groups, chiefly small industrialists [and] traders" (Graham, 1990, p. 158). The economic policies of the Jan Sangh also reflected the interests of traders and petty industrialists, who provided crucial financial and political means to the fledgling party. These groups became Jan Sangh's "original reference groups" (Graham, 1990, pp. 158–169).

In the 1980s, the Hindu Nationalists emerged as an ascendant political-ideological force. At the national level, their path to political ascendance was tied to the Ramjanmabhoomi movement. The Hindu Nationalists, led by their ecclesiastical wing, the Vishwa Hindu Parishad (VHP), launched the Ramjanmabhoomi movement to reclaim what they believed was the birthplace of Ram in Ayodhya, Uttar Pradesh. The movement attracted widespread popular support in the western and northern parts of India, something that the Hindu Nationalists had not achieved on this scale. Reaping the electoral benefits of this movement, which sharpened communal divides and left a trail of widespread violence across India throughout the 1980s and early 1990s, the BJP went from winning two parliamentary seats in 1984 to 161 seats in the 1996 elections (Jaffrelot, 1998).

The 1990s were also a period when these "original reference groups" coalesced around the rhetoric of Swadeshi. However, the BJP gradually repositioned itself to pursue policies of economic liberalisation at the state and central levels. This created internal fissures, with the establishment of the Swadeshi Jagran Manch in 1991, followed by a slew of headline-grabbing protests against multinationals such as McDonald's, demonstrating this dilemma within the Sangh Parivar (Lakha, 2002). Nevertheless, as the BJP moved closer to power, it came around to supporting the broad policy framework of liberalisation and globalisation. Also, as part of the middle class, this middling segment of business shifted towards the BJP more decisively in certain parts of India (Fernandes, 2006, pp. 176–182). Fast forward to 2014, and the victory of the Narendra Modi-led BJP in the Lok Sabha elections, commanding a significant share of popular support, demonstrated that this new version of the BJP, led by Modi, "emerged as the preferred vehicle for a new free market-

driven capitalist consensus, uniting small town Banias, aspiring men from the lower castes, and captains of industry around the call for a strong, entrepreneurial and patriotic project" (Hansen, 2015).

Based on a close reading of this rich body of scholarship, the foregoing discussion shows a historically structured ideological proximity between the provincial segments of business, especially in specific urban contexts, and Hindu Nationalist politics. Despite various ups and downs of politics, these "small town" business owners, as Hansen (2015) calls them, have remained a core social constituency of Hindu Nationalist politics. The "Bania" characterisation of the party remains true despite the party's increased social base. In a survey of 1000 BJP party officials, journalists Ruhi Tewari and Pragya Kaushika (2018) found that over three-fourths of the BJP's national office bearers are upper caste and that over 60 per cent of its national executive is drawn from the general category. Further disaggregating this data, they find that in states like Uttar Pradesh, 72 per cent of the district presidents in the BJP are from the general category. Of these, around 30 per cent are Brahmins, 15 per cent are Baniyas, and 26 per cent are other forward castes. Similarly, in Gujarat, there are three Brahmins and 21 from other upper castes among the 41 district presidents (Tewari & Kaushika, 2018). This prompted them to declare that "the party remains a Brahmin-Baniya club" (ibid).

Electoral analyses and reports have also consistently pointed to the BJP, both historically and in the contemporary period, enjoying electoral support from large and small business owners. While disaggregating voting data by occupational background is difficult, imputations based on caste and income can help us understand how the BJP draws electoral support from business owners, who significantly overlap with the upper-class and upper-caste segments of the voting population. Tariq Thachil, drawing on National Election Survey data, concludes that upper-caste and wealthier voters support the BJP, primarily because of its pro-market positions and the ideological plank of Hindu Nationalism (Thachil, 2014, pp. 89–93). To look at it on a different scale, at the sub-national level, voting patterns in states like Gujarat corroborate this point, wherein the BJP has consistently drawn support from upper-class and upper-caste voters (Jaffrelot, 2024, pp. 147-149).

Despite these recent analyses, which partly explain why provincial business owners have supported the BJP, further areas remain for exploration. First, while studies have noted the enchantment of Hindutva among the middle classes in post-1990s India, and more recently with the rise of Modi (Fernandes, 2015; Jaffrelot, 2013; Sridharan, 2020), a disaggregated research looking at the links with the provincial segments of business owners—who also make up a part of the middle class—and their support for Hindu Nationalist politics and the BJP has remained understudied in the post-1990s period. Secondly, empirically grounded accounts of why and how this support for the BJP is maintained and mobilised in the contemporary period, taking a closer view of businesspersons' ideological viewpoints and party-political engagements, have also been missing. Apart from these underexplored aspects, recent political-economic trends and episodes necessitate re-examining the relationship between provincial capital and Hindu Nationalist politics in the contemporary period, particularly in urban contexts such as Surat, whose economic order is dominated by what I am calling the provincial business class.

Over the past decade, commentaries and analyses have pointed to the declining influence of this segment of business owners at the apex of India's policy-making spaces, as well as to the on-the-ground agitations that these groups have led in different parts of India (Naseemullah, 2020; Rajshekhar, 2022). For instance, Adnan Naseemullah (2020) notes that Narendra Modi and his famed "Gujarat model" of development have epitomised this elitist bias in India's political economy vis-à-vis provincial businesses. He notes that, during the 1950s and 1980s, the era of statism, the state supported the growth of small-scale industries, a point discussed in the previous section. However, since the 1990s, he contends that the state has favoured capital-intensive and rent-generating sectors dominated by big businesses and industrial conglomerates. This has allowed the political and bureaucratic elites to earn rents from their personalised dealings with big businessmen, leading to the often-made characterisation of India's political economy as crony capitalistic. Modi's time in power since 2014 has also continued this elitist policy framework that has benefited large businesses close to the regime. On the other hand, provincial segments of business in sectors such as textiles, which are labour-intensive and dominated by small and medium

enterprises, have remained in the lurch, not receiving the kind of institutional and state support they need to thrive (Naseemullah, 2020).

While longer-term structural factors in India's political economy have been a cause for concern for these segments of business, a point that was confirmed to me during fieldwork as well, specific government policies—such as the implementation of demonetisation and the imposition of Goods and Services Tax (GST) in 2016 and 2017—have been the primary triggers of economic slowdown and uncertainty. While demonetisation took the form of an abrupt announcement that declared 500 and 1000 rupee notes invalid after a specific date, leading to a collapse in cash circulation, GST involved the streamlining of various indirect taxes on goods and services levied by the Union and state governments. Apart from streamlining, the operative part of the GST was that it was now levied on large parts of the unorganised or informal sectors of the economy through a strict compliance mandate.

In the aftermath of demonetisation and GST in 2017, while formal sector firms and big businesses were able to partly absorb the impacts of these policy changes, those businesses and sectors built around disaggregated and informalised chains of production, dominated by small enterprises, were adversely affected (Rajshekhar, 2017a). In Surat, where nearly 10 lakh people are associated with the synthetic textile industry, an industry body survey revealed that between 2017 and 2018, the annual production of fabric fell by over 40 per cent. The number of power looms producing fabric also decreased by over 100,000, with machinery sold cheaply in the scrap market (Sharma, 2018).

With the outbreak of the COVID-19 pandemic, economic uncertainty was only exacerbated. While the pandemic affected the economy, commentators and economists have noted the unequal distribution of its effects. They highlight that the impact of COVID-19 and the government's response to it has affected the informal economy much worse than the formal economy (Harriss-White, 2020). All estimates indicate a slowdown of the Indian economy between 2016 and 2021. This slowdown has been in the making, not only because of the pandemic but also due to the negative impacts of demonetisation and GST (Kishore, 20020; Nagaraj, 2020).

Despite such economic uncertainties and agitations that have created strong political currents against the BJP amongst its core social base, it has continued to draw its support, especially in states like Gujarat. This generates a puzzle of political dominance amid an economic slowdown, which recent scholarship has also sought to understand (Wyatt et al., 2021). Similarly, in this thesis, I unpack this puzzle from the perspective of the provincial business class and its long-term engagements with Hindu Nationalist politics. Centring the party-political engagements of the provincial business class and the BJP in the contemporary period, this thesis aims to further our understanding of why the "original reference group" (Graham, 1990) of Hindu Nationalist politics remains its staunch supporters.

Therefore, this thesis draws liberally on insights from different disciplines for conceptual, analytical, and methodological purposes. For instance, it draws on historical, sociological, and anthropological studies examining the emergence of the provincial business class and the co-constitutive relationship between social structures such as caste and capital in shaping these trajectories (Rutten, 1995; Chari, 2004; Upadhya, 1998). Similarly, in discussing the practice of philanthropy among the provincial business elites, I engage with scholarship that examines how such social practices are often implicated in the politics of community assertions (Haynes, 1987; Mines, 1994; Roohi, 2022). It also draws on works in political science that examine the entwinements of business and politics in India (Kochanek, 1987; Sinha, 2019; Jaffrelot et al., 2019) and on the interdisciplinary scholarship on Hindu Nationalism discussed above. Throughout the thesis, I avoid rigid disciplinary silos and instead engage with the relevant set of concepts and analytical themes appropriate to the themes covered in each empirical chapter.

Taking this approach allows us to analytically map the connections between the provincial business owners' economic, social, and political lives at the centre of this thesis. This, I argue, helps us contextualise and analyse their social actions more effectively. The triad of capital, community, and politics, which is used in the thesis title, signals how I draw connections between the processes of the accumulation and conversion of capital (broadly defined), its relationship to community, and further how connections between the two allow us to understand the various modalities of the

politics of the provincial business class. This has implications for the methods used in this thesis, as it adopts qualitative methods that have helped address the contingencies of conducting research amid a pandemic and productively explore the research questions outlined above. While the methodological approach is discussed in more detail in the following chapter, the methods adopted in this research are diverse. They range from conducting semi-structured interviews to interpreting documentary sources, including hard-to-access vernacular grey literature such as semi-autobiographies and self-help books.

3. Why Surat?

Surat, a city of over six million people and the second-largest in Gujarat, is the field setting in which the empirical research for this thesis was conducted. While I elaborate on the methodological aspects of this research in the next chapter, I briefly explain why I zoom in on Surat in this section. In doing so, I underline how the city's economic and political makeup makes it an appropriate setting for this research.

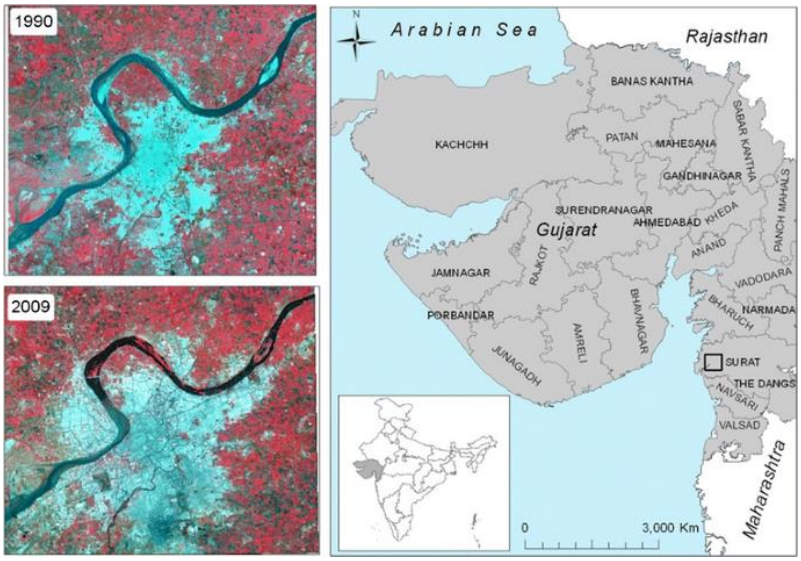
Surat has a long history of being a centre of trade and commerce. In the 17th century, for instance, it was the principal entrepot of the Mughal empire on its western frontiers. Owing to its strategic location on India's west coast, facing the Arabian Sea, it was a centre of trade and commerce, connecting various inland regions of the Indian subcontinent with trading centres across Asia, Africa and Europe. However, the city's fortunes declined by the end of the 18th century, with the British becoming the paramount political power in the subcontinent following the rise of Bombay (Subramanian, 1985; Dasgupta, 1994).

While it lost its commercial centrality in western India, the city's artisanal and mercantile communities catered to niche products and markets, allowing it to survive and position itself for the transformations that took shape from the early 20th century onwards. Economic, technological, and social factors kick-started the power loom revolution in Surat between the 1920s and 1950s, leading to the re-emergence of Surat as a significant commercial centre in western India (Haynes,

2012). This technological revolution made Surat a key manufacturing and trading hub for synthetic textiles. The start of diamond processing units in Surat from the 1950s catalysed the city's transformation.

Today, the city is part of what has been called "Middle India" (Hansen, 2022), denoting a set of fast-growing cities such as Bhopal, Indore, and Aurangabad. Identified as Class 1 towns and cities by the official Census, these cities account for 43 per cent of India's total urban population (Hansen, 2022, p. 159). Surat is one of the fastest-growing cities in the world in terms of economic growth, as reported by a think tank, Oxford Economics (Pi, 2018). Notably, the city is also home to a significant number of wealthy businesspeople, as documented by reports on India's affluent, such as the IIFL Wealth and Hurun India Rich List (Iyengar, 2022). The city's population increased tenfold in three decades, from 370,000 in 1971 to 4,645,384 in 2011 (SMC, 2020). Similarly, the city's spatial boundaries have expanded exponentially, with the total sq. km under the city's corporation increasing from 24.01 to 426.14 in 2020 (SMC, 2024). This is also shown in Figure 1.1, which depicts the map of Surat, with fluorescent blue markers indicating the city's expanding footprint between 1990 and 2009 (Sharma et al., 2013).

Figure 1.1: Location of Surat in Gujarat, India (Right) and its Urban Expansion, 1990-2009 (Left)



Source: Sharma et al. 2013

As I discuss in Chapter 3, synthetic textiles and diamond clusters emerged as the main drivers of the city's transformation, giving rise to a numerically significant segment of the city's business class and employing a large number of workers. By the early 1990s, rough estimates suggest that the textile cluster in Surat accounted for 40 per cent of India's synthetic textile production, with more than 250,000 power looms and employing more than 30 per cent of the city's labour force. It also housed over 250 medium- and large-scale dyeing and processing mills, employing 30,000 workers. On the other hand, over 400,000 workers were engaged as polishers and cutters in the diamond industry, with Surat's diamond processing industry contributing to over 80 per cent of the total diamond exports from India (Engineer, 1994, p. 1349).

While present-day Surat's economic life remains dominated by these two clusters, there has been a transformation in scale. The synthetic textile cluster expanded in the 2000s with the mushrooming of power loom units and the growth of textile markets. Over 715,000 power looms operate across the city and its industrial outskirts. There are also 350 processing houses where the fabrics are printed and coloured before being sent to the 75000 textile trading shops in the numerous textile markets at the heart of the city (SGCCI, 2021). The synthetic textile cluster in Surat is the biggest in India, producing 60 per cent of all Man-Made Fabrics and employing over 1.4 million workers (SGCCI, 2021). Across the city, the diamond cluster has also expanded significantly, with over 90 per cent of all small-sized diamonds sold as retail diamonds processed in Surat. With diamonds accounting for almost 14 per cent of India's exports in 2020-21, Surat has also become home to several diamond barons, as well as numerous diamond processing ateliers that cut and shape these diamonds (TNN, 2023).

Surat's economic landscape retains its decentralised and informalised character. Capital and labour in the city's ceaseless production and exchange clusters continue to be organised informally. A large population of Surat comprises migrant workers from different parts of Gujarat and other states in India, chiefly Odisha, Uttar Pradesh, Bihar, Andhra Pradesh and parts of Maharashtra. The workers here are best described as "footloose labour", denoting their circulatory migration patterns from their villages to the city (Breman, 1996). Their conditions and terms of work are also

completely informalised, with labour laws and workers' welfare being given a miss at the altar of ease of doing business (Breman & Das 2000; Subramanian & Patel 2021). While the have-nots mostly live and work in segregated parts of the city, the city's provincial business class is found in gentrified areas, reflecting their growing wealth and money, with caste-based distinctions patterning housing arrangements as well (Jha, 2022).

Surat's transformation is also apparent in its changing physical landscape. Heading from the airport to the city, one sees patches of agricultural land uneasily wedged between newly developed luxury apartments, wide roads, shopping malls, cafes, and numerous flyovers crisscrossing the city. It is hard to miss the scale of this transformation the city is undergoing as one passes rows of luxury apartments dotting the city's outskirts. These changes are linked to the real estate boom in the city's economy from the 1990s onwards, as its urban frontiers further expanded and more people moved in due to the growth of the city's textile and diamond clusters. This real estate turn in the city's political economy has reflected the broader urbanisation story in post-1990s India, marked by the liberalisation of land markets, the real estate boom and their consequences on the politics of cities (Gooptu, 2015; Searle, 2016; Sud, 2021).

The city's political context also makes it an appropriate setting to explore the questions this thesis addresses. The BJP has enjoyed uninterrupted political dominance in Gujarat since the mid-1990s (Jaffrelot, 2024; Sud, 2012). Surat has emerged as one of its key urban strongholds. The city's turn towards Hindutva coincided with the outbreak of anti-Muslim violence in the early 1990s (Shah, 1994) and the decline of the Congress in the city. The Hindu Nationalists continue to dominate the city's present-day political life, with all the MLAs and two MPs from the city belonging to the BJP. The BJP has controlled the city's civic body, the Surat Municipal Corporation, since the late 1980s, with other opposition parties, such as the Congress and, more recently, the Aam Aadmi Party, largely marginal. The dominance of the BJP is such that in the 2024 Lok Sabha elections, the Surat Lok Sabha seat was won by the BJP's Mukesh Dalal unopposed (Rangarajan, 2024).

This incident reflects a sinister side of the BJP's political control in the city. Significantly, it has helped deflect the ongoing rumblings in the city's economic life that could have upset the party's control. As I discuss in more detail in Chapter 7, in recent years, the city has witnessed several agitations led by members of the provincial business class against policy decisions such as the GST. The combined impact of demonetisation, GST, and the pandemic has brought the city's economic dynamism to a halt, raising questions about the durability of the compact between the city's businesspersons and the BJP (Shah, 2022; PTI, 2017; Saikia, 2022). Therefore, zooming in on Surat has allowed me to map how the provincial business class has moved into newer spaces of accumulation, is embedded in the city's political life, and engages with Hindu Nationalist politics. This last aspect is particularly relevant, especially as Surat has been one of the hotspots where the broader political-economy trends discussed above have led to agitations and even questions over the durability of this compact.

4. A Note on the "Provincial" Business Class

Given the centrality of the term "provincial" business class in this thesis, I elaborate on how I conceptualise it in this section. Empirically, I approached the field to identify businesspeople operating within the largely informalised economic clusters in Surat. This provincial segment of business owners was initially defined based on their economic location and the three sectors in which they operate: diamonds, synthetic textiles, and real estate. Consequently, the business owners I focused on were those running family-owned, small to mid-sized firms, often seeking to evade regulations in these sectors. From an economic standpoint, this distinction set them apart from larger businesses or corporate capital.

However, as developed over the course of this research and used in this thesis, the term provincial denotes the social and political aspects of this class of business owners. That is, their provincial nature is defined by their social locations and political engagement arenas, which are mostly city-based. This conceptualisation enables examination of the processes through which connections between capital and community are established, as well as a closer look at the social practices

unfolding within a provincial context. For instance, by focusing on Saurashtra Patel business owners, I illustrate the deeply socialised nature of capital, particularly in the diamond industry, as it ventures into new frontiers of accumulation. Furthermore, their identity as Saurashtra Patels has evolved alongside the unique spatial and social contexts of their gradual migration and integration into the city's diamond industry. By emphasising their provincial nature, I demonstrate how the locally salient social structures of community shape the commercial and social life of this class of business owners.

This characterisation is also based on the political actions and engagements of this class of business owners. Their primary political focus, engagement and action lie within the city. This is evident in several ways –from organising their interests through city-based trade and industry associations, such as the Southern Gujarat Chamber of Commerce and Industry, to constituting a significant portion of the political class participating in local politics in the city. In their interactions with the state, for example, I illustrate how the collective action of this class of business owners is primarily directed toward the local or, at best, regional government. Interests and demands are mobilised at the city level to influence the implementation of policies or regulations and, in the process, circumvent them while sustaining the informalised work regimes.

Relatedly, these business owners maintain a significant presence and involvement in local party politics. This trend has been observed across India since the 1990s, when the business class became regionalised and integrated within regional states and parties (Sinha, 2010, p. 463). This pattern has persisted into the contemporary period as well. For instance, in their analysis of the rising trend of business politicians in the 17th Lok Sabha (2019-2024), Aseema Sinha and Andrew Wyatt (2019) note that among MPs, while some belong to the "national bourgeoisie, many more resemble a regional bourgeoisie active in their home state, relying on close political connections and local networks" (Sinha & Wyatt, 2019, p. 255). At the subnational level, several recently published studies also indicate the increasing presence of business politicians across a range of states, from Gujarat in the west to Andhra Pradesh and Tamil Nadu in the south, as well as Odisha and West Bengal in the east (Berenschot et al., 2024; Bhattacharya & Mahmood, 2025; Sinha, 2019). In Surat,

I similarly demonstrate how this pattern is evident, with businesspersons-turned-politicians dominating the party-political sphere.

The provincial nature of this class of business owners sets it apart from big business owners, whose cultural reach, political ambitions, and influence are primarily focused on the apex of India's political life. A substantial body of work focusing on big business or the capitalist class in India has demonstrated how they have consistently maintained connections and influenced policy and politics in national domains, whether through their role during the nationalist movement in the 1930s and 1940s (Markovits, 2008) or via personalised connections and informal lobbying through what has been called "briefcase politics" in pre-1991 period (Kochanek, 1987). In the contemporary period, their influence has significantly increased in the post-liberalisation era through ties with the Narendra Modi-led Hindu Nationalist BJP (Jaffrelot et al. 2019). While big business plays an increasingly prominent role at the sub-national level, particularly since the 1990s, its primary sphere of economic and political engagement remains the ostensibly national landscape of political-economic life. In contrast, the provincial business class is defined by its local scale of social embeddedness and political action. This analytical distinction helps shift the gaze to these provincial segments of capital, rather than viewing business as a homogeneous class and conflating big business with the middle and provincial segments of capital.

These business owners articulate the distinction in cultural or symbolic terms, as I encountered during my field research. When referring to themselves or their industry, they consistently highlighted their differences from businessmen and industrialists operating in metropolitan centres such as Delhi or Mumbai. For instance, while speaking to an industrialist about the role of business associations in the city, he pertinently stated that,

> While the Chamber and our associations are very active, you will not find us on business news channels [pointing to a TV screen in the office where a business news channel was running. We lack that polish when talking in English or representing the

industry's views at national forums.[7]

Therefore, concentrating on the provincial nature of this class of business owners, who lie at the core of this thesis, has significant analytical and methodological implications. Analytically, it enables us to understand how this class of provincial business owners is embedded within community structures and their concomitant social and political life. It also helps unpack, with greater granularity, their involvement and influence in local politics, which, as I argued above, emphasises the importance of viewing them as a distinct segment of the business class in India. Methodologically, and in line with these reasons, I employ a bottom-up approach that utilises methods such as semi-structured interviews, documentary sources, and non-participant observations.

This brings me to the analysis of class employed here. Class analysis is often associated with social stratification based on economic positions related to work and employment, or the resources individuals and groups possess. However, this previously dominant analytical framing of class regarding economic relations and resources has faced criticism for failing to explain social action, which often occurs at the intersection of various structures and identities. Therefore, in using class to refer to the provincial business owners, I adhere to the tradition in the social sciences that views class not as an objective, predetermined social position based on economic criteria, but as one that is socially constructed and intersects with other social, cultural, and political processes, relations, and institutions (Bourdieu, 1987; Gooptu, 2001; Polanyi, 2001; Thompson, 1966). Class, then, is not solely defined in terms of economic resources, relations, and domination, but also through the social and political processes by which distinctions and domination are co-constituted.

I specifically draw on Pierre Bourdieu's class framework to analyse the politics of provincial business owners as a *social class*. Bourdieu perhaps best synthesises various class analytical approaches, overcoming the critique of economism and aiding in mapping the interrelations between economic, social, and political fields of action. His concept of class broadens traditional

[7] Interview with Vivek, Textile industrialist, Surat, 29 March 2022.

Weberian and Marxist perspectives to include the cultural and social elements that shape class distinctions. He posits that class is not merely an economic category but also a social one, structured by his typology of capital: economic, social, cultural, and symbolic. While economic capital pertains to wealth, income, and assets–the traditional indicators of class–cultural capital refers to resources like language and education, and social capital encompasses the strength of social ties and networks. Finally, symbolic capital relates to recognition and prestige, embodying the elements of status and distinction critical to delineating class boundaries (Bourdieu, 1987). Bourdieu argues that individuals utilise these forms of capital to navigate and reinforce their social positions within various fields of social action, such as education, politics, and art. The interplay between "habitus"- dispositions shaped by class background- and these forms of capital results in the reproduction of class structures as individuals from different classes develop and enact diverse lifestyles, tastes, and preferences. Class is a constructed outcome of the interactions between material and cultural resources, which are deeply embedded in everyday practices and social relations (Bourdieu 1987).

The rationale for adopting this analytical framework is to assist the research in unpacking the social and political actions of the provincial business class and drawing connections between them, rather than merely focusing on the economic aspects of business owners to understand their politics. Bourdieu's critique of class analysis resonates here, challenging the concept of class as an objective social reality and emphasising the constructed nature of social categories such as class. Assuming that social action can be easily deduced from a structure like economic position overlooks the "political work" or constructed nature of social action and identity, which is often situated at the intersections of objective social, political, and economic positions and subjective practices and locations (Bourdieu, 1987, p. 8).

Therefore, the members of the provincial business class include textile traders, yarn manufacturers, power loom manufacturers, textile dyeing and processing mill owners, diamond traders, diamond processing unit owners, real estate developers, and builders. However, they also belong to distinct caste communities, such as the Saurashtra Patels, Marwaris, and Khatri communities, which have

historically segmented various parts of the economy. Consequently, I utilise the provincial business class as a social category to centre these groups of businesspersons. My use of class, drawing on Bourdieu, allows for the analysis of the co-constitutive relationship between social structures such as caste and class. This enables a nuanced exploration of how economic activity, caste dynamics, and political engagement intersect to animate the politics of the provincial business class in Surat.

5. Outline of Chapters

This thesis then explores the three research questions stated earlier in Surat's specific context. To briefly recap, the first question asks how and in what ways the provincial business class has transformed in response to changes in the urban economy. Second, what are the different modalities through which the provincial business class embeds itself in the city's political life and engages with the state? Thirdly, what explains the proximity between the provincial business class and Hindu Nationalist politics amidst economic uncertainties and agitations in cities like Surat? In examining these questions, the following chapter discusses the epistemological and methodological aspects of the thesis. Thereafter, the main body, comprising five substantive chapters, is structured around these research questions and concomitant themes.

Chapter 3, titled "City of Textiles, Diamonds, & the Provincial Business Class", maps the history of the transformation of modern Surat. I focus on the growth of the two key clusters of economic activity in the city, synthetic clusters and diamonds, that have grown since the 1950s. While historicising Surat's urban economy, this chapter also traces the rise of the provincial business class in the city, drawn from mercantile and non-mercantile caste backgrounds. I point to the small-scale and informalised nature of economic activity, which lends this provincial and informal character to capital (and labour). As this chapter serves as a context-setting chapter for the rest of the thesis, it critically discusses the changing political order of the city: one marked by the dominant presence and power of the provincial business class and the right turn towards Hindu Nationalist politics in the 1980s and early 1990s.

Having mapped this broad history of the city's evolving economic and political order, the following two chapters focus on a prominent caste community that makes up a significant faction within the city's provincial business class: the Saurashtra Patel business owners. Chapter 4, titled "Accumulation to Diversification: The Many Pathways of Money from Diamonds to Real Estate", documents how businessmen from the Saurashtra Patel community, an agrarian community from the peninsular region of Gujarat, have emerged as the dominant social group within the city's diamond cluster. This chapter documents how a gradual intertwining of capital with community led to a section of Saurashtra Patel diamond workers transitioning into traders and processing unit owners between the 1970s and 1990s. Moreover, in mapping their trajectory of economic diversification, this chapter shows that some business owners have diversified into the city's real estate sector since the 2000s. While mapping this story of economic change and diversification, I underscore the co-constitutive relationship between capital and caste, and the informalised networks in the urban economy that have enabled this segment of Saurashtra Patel business owners to diversify. Consequently, it has also established the Patels' dominance in the city's political life.

Further examining this last aspect–how the economic power of this segment of the city's provincial business class is utilised to accumulate social power–Chapter 5 focuses on the widespread practice of charity among Saurashtra Patel business owners. The chapter "Converting Capital: Examining the Charitable Practices of Patel Businessmen" highlights practices and processes that reveal this connection. While the chapter is framed by the broader processes of identity formation and assertion among the Patels in the city, I critically analyse the charitable practices of Saurashtra Patel business owners. Given the prevalence of this practice, I argue that it serves as a conduit for converting capital from one form to another. This notably implicates the Patel business owners in the larger politics of caste-community assertions while fostering close ties with the political and bureaucratic establishment. I contend, therefore, that such practices should be regarded as a key component of how provincial businessmen engage in politics.

In the next set of chapters, I shift the discussion towards the provincial business class and its engagements with the domain of Politics. Chapter 6, titled "Not-So-Quiet Politics: The Provincial Business Class, State and Politics in Surat", foregrounds how businesspersons in the city engage with the state via business associations and attempt to penetrate it via their outsized presence in the domain of electoral politics in the city. In the first part of this chapter, I argue that despite the decentralised and informalised character of Surat's urban economy and its capital-owning class, they display a high degree of institutional power and engage the state on various issues. In the second part, I highlight the dominance of business politicians in the city based on the occupational profiles of all elected MLAs and MPs in the city since 2009. After this, I take a deep dive into the life of one such political figure to argue that this cohort of businessmen-turned-politicians plays a crucial mediating and lubricating role among business, politics, and the state. Thereby making the provincial business class an influential social class in the city's political life.

Chapter 7 examines the engagements of the provincial business class with the party-political domain of Politics to specifically explore the relationship between the city's business owners and the Bharatiya Janata Party. Titled "*Moditva, Dhanda & Danda*: The Enduring Compact between Business and the BJP", this chapter squarely focuses on the third research question. The chapter first discusses the specificities of the recent agitations that have rocked the city and brought potential fissures amongst the provincial business class regarding their support for the BJP to the fore. Doing so, I foreground the puzzle that has emerged from these developments: the continued dominance of the BJP despite economic uncertainty and agitation. Having set up this puzzle, I argue why the compact between business and Hindutva endures in subsequent sections of the chapter, identifying three interrelated reasons. First is the allure of *Moditva*, which combines the historically sedimented ideological tropes of Hindu Nationalist politics with the messianic pull of a figure like Narendra Modi. Second, there are the systematised and clientelist ties between the city's business owners and a political strongman in the party, which also explains the enduring proximity between businessmen and the BJP. The third and often overlooked aspect is the role of coercion. While ideology and interest have historically cemented this proximity between provincial business owners and the BJP, coercive actions by the state, one that the BJP has dominated since

the 1990s, also play a critical role. This has only become more pronounced considering the contemporary political-economic juncture. Finally, in the thesis's concluding chapter, I summarise the arguments forwarded in the five empirical chapters. In stating my contributions to the broader scholarship on business-politics relations in India, I also identify some limitations that can be further explored in future research.

6. Conclusion

In this introduction to the thesis, I have laid out the background, scholarly context, concepts, and research questions guiding it. To reiterate, the principal intervention of this research is to centre the socio-economic and political role of the provincial business class in contemporary India. This is an important yet understudied area for scholars working on business-politics relations in India and potentially speaks to other settings in the global south. As is evident from the discussion in this chapter, this thesis takes an interdisciplinary approach that draws linkages between the economic, social and political processes that help us study the provincial business class comprehensively instead of arriving at an understanding that is either blindsided by an instrumental focus on business interests or a priori deduction based on their caste-community identities.

2

Methodology: Situated Knowledge & a Bottom-up Approach

1. Introduction

This chapter outlines the methodological perspective, strategies for data collection and analysis, and data-related limitations of this study that are closely tied to my positionality. As argued in the previous chapter, I advocate for a bottom-up and situated methodological approach. Accordingly, qualitative methods, including semi-structured interviews, documentary sources, and non-participant observation, have been utilised through field-based research to collect the primary data for this thesis. The adoption of this approach has been dictated by the nature of the inquiry and the gaps in the existing scholarship outlined in the introduction. This approach has proven valuable in constructing a contextualised account of the worlds of the provincial business class, which is challenging to capture in positivist and quantitative studies based on surveys, for instance.

Researchers who have conducted field-based research dealing with similar socio-economic groups, especially in South Asia, have consistently underlined how notoriously difficult it is to access these spaces and subjects (Harriss-White, 1999; Javed, 2018). For instance, Umair Javed, in his doctoral study on the bazaar traders of Lahore, notes how access to any formalised data on these groups was difficult to find. This was because the "undocumented nature of most economic activity in the bazaar sector… makes businessmen wary of covert attempts by the tax bureaucracy to 'document' their actual revenue flows" (Javed, 2018, p. 36). Having studied a similar context and

challenges regarding the nature of the data collected, the research has adopted an inductive perspective, seeking patterns, meanings, and motivations for social action rather than drawing linear causal inferences from frequencies.

The rest of this chapter is divided into three main sections. Section 2 outlines the "Situated Knowledge" perspective that has informed my choice of methods. Section 3 discusses the field setting, the sources of the collected data, and the iterative analysis process used to develop the arguments. In Section 4, I flag some limitations of adopting these methods, particularly the constraints of a pandemic thesis and the challenges of conducting academic research in India today.

2. The Methodological Approach of "Situated Knowledge"

I draw on a methodological perspective emphasising the need for contextualised understandings of social and political action. In drawing on this approach, "Situated Knowledge", I particularly refer to its elaboration by John Echeverri-Gent and Kamal Sadiq (2020), who in turn build it up on their reading of the extensive body of work published by Sussan Rudolph and Lloyd Rudolph, political scientists whose work spans over five decades of research on Indian politics.

The framework posits that specific historical, social, and cultural circumstances shape social action. Echeverri-Gent and Sadiq (2020) argue that "People make meaning from their experience of their context. They bring a diverse and often contradictory set of epistemological tools to the process of meaning-making. Their epistemological toolkits result from their various social roles, skills, and motivations—instrumental rationality, value rationality, affection, and habit" (Echeverri-Gent & Sadiq, 2020, p. 39). One of the cornerstones of this approach is to see the context–social, political, cultural, and economic–not as "a challenge" as is done in positivist approaches, where the effects of the context are sought to be controlled (Echeverri-Gent & Sadiq, 2020, p. 27). Instead, this approach views the relational ties between context, perceptions, and agency as integral to understanding social action. It is essential to underscore that this relationality among context, intention, and action is meant to be understood through interpretive methods and analysis.

Keeping this perspective in mind helps avoid overestimating the importance of context or structure, or focusing solely on agency without contextualisation. The methodological implications of such an approach are that it helps to take on an inductive approach in research, acknowledging that people's understanding and actions are deeply embedded in their specific environments, which are then interpreted and analysed to build more generalised arguments. Throughout the thesis, in understanding the politics of the provincial business class, I analyse the emic accounts of provincial businessmen and other respondents, giving importance to the subjective positions and motivations of social action. Further, there is a practical reason for my choice of such an interpretative pathway. The research questions at the core of this thesis are challenging to examine using instruments such as surveys. There is a lack of datasets that can quantify the social, economic and political lives of these business owners, given that they are mostly "fugitives of the statistical record" (Harriss-White et al., 2020a, p. 204).

Thus, this perspective has informed the development of grounded, explanatory arguments rather than causal explanations in this thesis. I also complement this inductive and interpretative mode of inquiry by drawing on specific positivist methods, such as triangulation. Apart from helping to verify and cross-check facts and episodes, these methods have aided in reflecting on the meanings and perceptions of the interviews regarding events or figures. Therefore, rather than using triangulation to check for the reliability and replicability of the data gathered, I have used it to develop familiarity with the context, further nuancing my positionality and enhancing my understanding of social action.

3. Field Site, Data Sources and Analysis

Guided by the above approach, a qualitative research design was employed to inform the field research. This includes documentary analysis and semi-structured interviews that explore how individuals and groups make sense of their settings and are embedded in various social relationships. The goal has been to uncover the connections, patterns, meanings, and motivations that drive political behaviour rather than to search for frequencies and linear causality, often

achieved through the imposition of predetermined categories and assumptions about social action in strictly rational and utilitarian terms. In this section, I discuss the open-ended nature of the field sites, then explain how the primary sources for this study were collected. This includes semi-structured interviews and a range of documentary sources in English, Hindi, and Gujarati, collected between September 2021 and December 2022. Lastly, I also discuss the processes through which the empirical material was analysed and developed into the key themes that inform the main empirical chapters of this thesis.

Field Setting

In-person fieldwork for this research was carried out in three rounds. In the first round, in February-March 2021, I briefly visited Surat and Ahmedabad to establish the scope of my research and build initial contacts in the city. Since the restrictions on fieldwork were still in place due to the COVID-19 pandemic, this period was mainly used to establish contact with local journalists and academics in Ahmedabad and Surat and to take stock of the documentary sources available at the Centre for Social Studies, Surat, which has been an important regional research centre conducting research on Surat since the 1970s.

I returned to the field for an extended period of fieldwork at the end of September 2021, after COVID-19-related restrictions on in-person fieldwork were lifted. A substantive part of the field research was conducted between September 2021 and May 2022. A second round of follow-up fieldwork was conducted in November-December 2022. A short 4-day trip to Saurashtra was also undertaken during this round. During these substantive periods of fieldwork, I stayed in Surat continuously. This allowed me to engage in informal conversations and pick up on social cues and information that desk-based research or online interviews would not have generated. The bulk of my empirical data, in the form of interview data and documentary sources, was collected during these two periods of field research.

Based on my reading of existing scholarship, I initially thought that my field research would focus on a specific sector or group. For instance, the initial plan was to focus on one of the city's textile markets and the textile traders who form a crucial segment of the provincial business class. However, my position as an outsider with no prior contact with this world of business and commerce meant I could not "immerse" myself in any one setting. Instead, as I slowly built connections and began my interviews, it became clear that multi-sited field research focusing on the provincial business class across the city's two clusters of diamonds, synthetic textiles, and geographies would yield interesting patterns. I therefore attenuated the gaze and field research to follow the key subjects of this study–the members of the provincial business class–in their varied settings rather than focus on one particular sector or setting.

This multi-sited and fluid approach vis-à-vis the field has both advantages and disadvantages. The absence of a well-defined "field site" meant that the spatial setting of the provincial business class's economic, social and political relations, especially in the workplace or the market, lost focus. However, the advantage of this was that it allowed me to move into a diverse set of spaces to map the different segments of the provincial business class. For instance, the makeup of offices and how photographs of spiritual and political leaders adorned them became an unlikely visual cue for me to analyse an aspect that is hard to gauge only through formal interviewing and documentary sources. In this way, I followed a methodological route that advocates an actor-centric approach to research, in which one "follows the people" (Gupta & Ferguson, 1997; Marcus, 1995).

Semi-structured Interviews

Interviews form a critical source of primary data for this thesis. In qualitative research, interviews "respond to an imperative for fine-grained analyses to open up new possibilities in understanding complicated phenomena often accepted as unproblematic" (Galletta, 2013, p. 4). Interviews, in my case, were also educational exercises that helped me develop familiarity with the city and the key subjects of this study. That is, while attention was paid to what was said during the interviews, I

also paid attention to where the interviews took place, how questions were answered, and what was not said, which I noted in my fieldwork journal.

I conducted 87 semi-structured interviews. The primary respondents were business owners associated with the diamond or textile industry, real estate developers, legislative assembly members (MLAs), municipal councillors, and local party functionaries from the BJP, Congress, and the Aam Aadmi Party. Social activists, labour union members, and government officials were also interviewed. The remainder of the interviews included journalists, academics, lawyers, and local interlocutors, which helped to build familiarity and contextualise my interviews. While some interviews were recorded after obtaining prior permission, most were not; instead, I took notes, which were then written into interview notes. The direct quotations used throughout the thesis are not necessarily verbatim statements but close reproductions of the responses received during the interviews.

Scholars working on elites, whether local or global, have often encountered difficulties in accessing them for semi-structured interviews (Armytage, 2020; Gilding, 2010; Rutten, 1995). This is particularly true for what I am calling the members of the provincial business class, given their locally elite socio-economic and political positions. In studies that have focused on members of this class in different parts of India, there is a reluctance among businessmen to participate in academic research. Scholars have underlined the informalised and largely underregulated nature of the firms operated by this class and the accompanying fear of tax or government officials. Similarly, in other parts of South Asia, scholars mention how members of the bazaar class— such as retail and wholesale traders— have often refused interviews and maintained a high degree of opacity in terms of opening up about their ways of functioning in the market and their political views (Javed, 2018, p. 36).

My fieldwork experience in Surat was also filled with such challenges. So, how did I navigate access? Initially, I approached journalists, personal contacts, academics, and other researchers to gain access. Fortuitously, after a month of unsuccessfully trying to get businessmen to agree to

interviews, I encountered an individual who had previously assisted with climate change and resilience-related research. Having read this report online and contacted this individual through another PhD scholar working on urban housing in the city, I reached out to Mr Vipul (name changed), who readily agreed to meet me and grant me an interview. This interview helped to unlock access, as he then provided me with the contact details of some key members of the business community and associations in the city with whom he had worked for this previous research. Having Mr Vipul's "reference" helped me contact and eventually conduct interviews with several businessmen associated with the city's textile, diamond, and real estate sectors.

A conscious effort was made to pose my research as a study of the city of Surat and its transformation, as well as the role that businessmen had played in this process. This way of posing my research was what the sociologist Gary Allen Fine (1993) has described as "shallow cover", where the researcher remains vague about the specificities of the study while being transparent about the general objectives (Fine, 1993, p. 277). Once I had made it "in" and "dressed up" to fit into the world of businessmen, as researchers like Joseph Conti and Moira O'Neil (2007) had to do in their study of elites working in the World Trade Organisation (WTO), I then used standard snowballing techniques to reach out to other respondents. This became a highly productive way to select and interview respondents, as it also helped me take note of their social ties and networks.

The interviews varied in quality and depth. The initial interviews were a trial-and-error process regarding which topics could be broached. This reflexivity helped to sharpen the interview schedule, which developed gradually throughout fieldwork. Some broad patterns shaped the nature of the data generated from the interviews. For instance, businessmen, the primary respondents, were forthcoming about their business histories and charitable practices, as well as about the broader workings of the city's economy. However, the responses often became guarded when pressed for a more detailed explanation of how their businesses operate, including questions on how they raised capital, the structure of their firms, the number of workers they employed, compliance with regulations, etc. The same was true regarding discussions about their political affiliations. Most businessmen presented a sanitised view of their relationship with politics and the

state. Nonetheless, reading between the lines and into what was not said also gave me a corpus of interview data to work with and analyse.

In most of these interviews, business owners tried to direct the conversation in their own way, as elites often do (Harvey, 2011). While this meant the interviews sometimes veered off, the guiding questions I prepared before each interview helped me steer the conversation back to them. In improvising my interview schedules and grudgingly embracing the indeterminacies of fieldwork, I shared a common experience with researchers working with such methods. As Allaine Cerwonka and Liisa Malkki (2007) point out, "Each [researcher] confronts his or her own particular situational dilemmas and must improvise strategies and tactics in light of what he or she is trying to know through the fieldwork." (Cerwonka and Malkki, 2007, p. 21).

The validity of what was stated in the interviews was triangulated and cross-checked in further interviews with business owners and a range of non-business respondents, such as journalists, researchers, and workers. They were also read alongside several documentary sources. Before discussing the documentary sources, I wish to state that the names of the respondents used in the thesis have been pseudonymised to protect their identities. In a few other instances where this has not been done, these respondents are public figures and the sources used are publicly available in print or online. In all interviews, respondents were orally provided with a brief description of the research and the purpose for which the interview was being conducted. All data protection and privacy guidelines mandated by the University CUREC have been followed.

Documentary Sources

Supplementing the interviews, I collected a range of documentary sources (including digitally available sources), some of which were gathered before starting in-person fieldwork. During fieldwork, I visited the Centre for Social Studies, Surat, which houses an impressive range of published and unpublished academic research on Surat. During interviews, I was also given several

books and grey literature that form an essential part of the documentary sources used for this thesis.

I group the documentary sources into three sets. The first set includes secondary material from published and unpublished academic studies from various disciplinary standpoints covering history, sociology, political studies and political economy. An important subset of these is those focussed on Surat. The latter, in particular, helped me historicise Surat's urban economy, specifically the diamond and textile clusters. These include I.P. Desai's *Glimpses of Surat* (1972) and Douglas Haynes' historical studies (1991; 2012) on Surat in the late 19th and 20th centuries, particularly the oral histories that inform the emergence of the informalised synthetic textile cluster. His *Small-Town Capitalism in Western India* (2012) documents the rise of the power loom sector in towns like Surat between the 1920s and 1950s. This work helps understand the historical developments in Surat between the 1900s and 1950s, from which Chapter 3 takes off.

Similarly, Jan Breman's (1996) study on footloose labour, part of which is based on Surat's informal urban economy, was also used to understand this long history of the development of Surat's urban economic order and its small-scale and informalised nature, especially its labour processes. A recent work by Sadan Jha, *Social City: Urban Experience and Belonging in Surat* (2022), also provides key sociological and spatial insights about contemporary Surat. A few ethnographic studies conducted in the early 1990s and published as journal articles and chapters by Miranda Engelshoven (1999; 2002) on the diamond industry and Garrett Menning (1997a; 1997b; 1998) on the textile industry have also been drawn upon.

In addition to these published works, I also draw on several unpublished studies, including reports and PhD theses, available at CSS, Surat. This includes several studies conducted between the 1970s and 1990s, such as a study titled "Urban Tensions: A Case Study of Surat" (1974), which helped develop a familiarity with the historical development of Surat's contemporary economic and political order. I also used some of the reports on the riots of 1992-93 in Surat, which were a critical moment in the changing political landscape there. A valuable, unpublished report that I

could access was a study that traces the business and family history of one of the city's prominent diamond business family, titled "A Study of Family, Mobility and Social Capital: With Reference to Diamond House of Govindbhai Dholakia" (2020).

The second set of documentary sources I consulted is a cluster of publicly available government reports, newspaper reports and election-related data. These were collected through in-person archival research conducted in Surat and digitally. These include sector-specific survey reports on the diamond industry and the textile sector in the early 1980s, as well as more recent studies published by various ministries and the Reserve Bank of India (Gandhi, 1988; Pathak, 1984; RBI, 2009). I also maintained a catalogue of news reports on Surat published in English dailies such as the *Times of India* and *The Indian Express*, Gujarati dailies such as *Divya Bhaskar,* and a locally published weekly paper, *Dabhkar*. Lastly, the invaluable data source on elections and candidate details maintained by the Association for Democratic Reforms (ADR) via the MyNeta dataset has also been used to map the occupational profiles of elected representatives in Surat.

The third set of documentary sources collected and used comprises biographical books and grey literature, such as brochures and promotional material, given to me during interviews. Given the guarded worlds of the business owners I interviewed, these sources provide rich insider accounts. Some of these works include self-published books by Jiteshbhai (name changed), a former diamond business owner-turned-politician. This includes 'Straight Path', an autobiographical account of his journey from a diamond worker to a politician and his various interventions in Surat's public life between the 1990s and 2010s. Another businessman, Manish Patel, shared several brochures and a self-help book based on his life, titled *Prernamurti* (Inspirational Figure). This grey literature provided interesting, often difficult-to-access vernacular sources that shed light on the inner motivations and subjective perspectives of the businessmen at the centre of this study. Those in Gujarati were translated with the help of interlocutors, and I picked up the working language of Gujarati during fieldwork. Throughout the thesis, all quotations from these sources are translations from Gujarati, made through a local interlocutor and cross-checked with persons with working knowledge of Gujarati and Google Translate.

Analysing the Data: Thematic Analysis & Case Studies

Given the diverse nature of the data collected during fieldwork, two primary exercises were undertaken to analyse the data and develop the thesis's key concepts, themes and chapters. The first exercise was a thematic analysis, and the second was a case study. Following Naeem et al. (2023), thematic analysis involves identifying and analysing patterns within a dataset through several steps. These include transcript creation and data familiarisation, keyword identification, code selection, theme development, conceptualisation through the interpretation of keywords, codes, and themes, and, finally, the development of a conceptual model (Naeem et al., 2023, p. 2). While there is a neatness to this process when described in steps, these steps were often developed in an eclectic, non-linear way as I started to analyse and write up the chapters.

Given the pandemic-related delays, I undertook a thematic analysis of the interview notes and documentary sources early in my fieldwork. While writing them up, I also created a journal to jot down ideas and patterns emerging from my data. This was particularly useful, as it allowed me to purposively select respondents in the later stages of the fieldwork, following these patterns and recognising gaps in my data. To illustrate, halfway through fieldwork, I realised that examining their varied businesses might be beneficial, rather than focusing solely on businessmen associated with the textile or diamond industries. In interviews with several respondents, I learned that while the Saurashtra Patels dominated the diamond cutting and polishing industry, they have also moved into textiles and real estate since the 2000s. Real estate has emerged as a critical sector where significant amounts of money have flowed, and its growth in Surat is also closely tied to the city's two conventional industries. Reading academic studies that document the story of economic transformation and real estate in Indian cities also informed my decision to map this diversification. Accordingly, I started interviewing businesspeople transitioning from diamonds to real estate.

Similarly, the second round of fieldwork, conducted between November and December 2022, was done to coincide with the 2022 Gujarat elections. I took this decision with the anticipation that

elections would elicit responses regarding the political role of the provincial business class more promptly. Researchers working on political and business elites often face the problem of asking "awkward" questions about political stances or personal information related to income, for instance (Harvey, 2011, p. 437). Since I could not necessarily develop a close rapport with business and political elites, I used the background of the elections to ask these questions, which helped when I returned in November 2022.

By the end of the two rounds of fieldwork, I developed tentative themes to generate codes for classifying, comparing, and collating the different sets of sources collected. The three broad themes that emerged at the end of fieldwork were "Urban Transformation and the Making of the Provincial Business Class", "Capital, Community and Power: A Case Study of the Saurashtra Patels", and "Business Elites and the Political Order of the City". As I began coding and grouping the data into these thematic bundles, I cross-compared specific keywords, discussions, and historical events to ensure I triangulated the data. Eventually, the themes were further developed by reading relevant academic literature addressing similar empirical, conceptual, and analytical questions.

In addition to thematic analysis, another exercise I undertook was to develop case studies. Iteratively, based on the contingencies of the data I had gathered, I developed four case studies of key figures who helped construct detailed accounts of the themes I was developing. Case studies have been a cornerstone of qualitative research methods. They are particularly useful because they help to understand the relationships, structures, actions, and ideologies that shape the social and political actions of the subjects of this study. As Amirali (2017) notes, case studies are helpful for their intensive focus on explaining why and how phenomena come to be and for the interpretative dimension they allow (Amirali, 2017, p. 140). Two of the four case studies I developed were those of Patel businessmen whose life histories and practices captured aspects of socio-economic mobility and the conversion of economic power into social power through charities, which inform Chapters 4 and 5. The other two case studies were of politicians who straddled the worlds of business and politics in the city. Both political figures have been prominent actors, and a

combination of interviews and documentary sources enabled me to trace their life histories, interventions, and embeddedness in a rhizomatic network that links provincial capital to political elites in the city and beyond. These two case studies have been integrated into the discussions in Chapters 6 and 7.

4. On Positionality & Limitations

"'Tamē jaina chō?' Are you Jain?" This was a typical comment I received when I entered the offices of the businessmen I interviewed. Given the caste-coded social worlds I was entering, my "outsider" positionality as a non-Gujarati and Bengali conducting research at a university in the UK served as both an advantage and a disadvantage. While my Oxford credentials helped signal the importance of the research to these locally elite business people, my ethnic background was often frowned upon and commented on. This also meant that building long-term rapport and conducting follow-up interviews akin to ethnographic studies were out of the question. Given the indeterminacies and restrictions inherent in this, the data gathered has its limitations.

As mentioned earlier, the initial plan for this research was to delve deeply into the inner worlds of the provincial business class, focusing primarily on the textile sector. However, with the pandemic significantly delaying in-person fieldwork and my positionality as an outsider with no prior contacts in the city, I adjusted my methods and fieldwork aims to collect qualitative insights through semi-structured interviews. Consequently, at one level, while I eschewed plans to focus on one particular sector, it also allowed me to expand my mapping of the provincial business class to include businessmen associated with the textile, diamond and real estate sectors. The flipside was that my list of respondents was closely tied to the "references" I received when approaching them.

Thus, this reference-based recruitment of respondents has implications for the representativeness of the data. I do not claim that this thesis comprehensively maps the different segments that make up the provincial business class in the city. Apart from businessmen associated with the textile, diamonds and real estate sectors, Surat is also home to many businessmen who reside in the city

and operate various capital-intensive or services-focused businesses in and around South Gujarat. Moreover, the respondents interviewed for this study constitute a tiny slice of all business owners across the three sectors. However, given the central role of diamonds, real estate, and textiles in the city, this work covers substantial ground and serves as an indicative study of the provincial business class in one of the fast growing tier-2 cities in the country.

Closely related to this limitation is a significant gap in my data regarding the gendered aspects of the provincial business class. Almost all my interviews were with men who dominate these spaces. This tells us about the profoundly gendered nature of the social world of provincial capital. Given the predominance of family-owned businesses in Surat's urban economy, there remains scope to understand how family structures inflect and shape business practices, social ties, and political attitudes. It also has political economy implications, as a rich vein of recent studies focusing on the Hindu Undivided Family, for instance, shows (Das Gupta, 2013). Also, despite a significant Muslim presence in Surat's urban economy, both historically and currently, my ability to interview Muslim business owners was scant. While Muslims, divided into several subgroups by ethnic and religious sects, are underrepresented in formal business associations and bodies and do not constitute the upper echelons of the provincial business class, there remains scope for further work to understand their trajectories of change as Surat also evolved. Such gaps in my data often resulted from who I could access and who occupied important public positions. Invariably, in a business world dominated by Hindu caste-community groups, my list of respondents also reflected this one-sidedness.

Lastly, apart from my limitations in accessing businessmen and their guarded worlds, my positionality and the general difficulties researchers have encountered in studying a particular aspect of Indian politics, that is, Hindu Nationalist politics, were also apparent. Scholars with extensive experience studying the Hindu Nationalist movement point to the practical challenges of researching it, given its opacity. Thus, various research methods drawn from different disciplinary standpoints must be employed (Anderson & Jaffrelot, 2018, p. 471).

My initial research plan was to shadow and gain close insights into the BJP functionaries and their relations with the provincial business class. However, I altered this plan and decided to focus on the businessmen's perspectives on Hindu Nationalist politics and the BJP, which form a substantial part of Chapter 7. Doing so meant using non-participant observations and reading between the lines. On the occasions when I did manage to interview party functionaries, I was looked at with suspicion. This not only came from political functionaries and businessmen but also from journalists. For instance, in one of my interviews with a journalist, I was asked to submit my phone and identity card because the journalist suspected I was working for an opposition political party. He explained, "There is a climate of fear, and we don't know who is using what information against us. This is why I don't trust you."[8] While eventually answering my questions, it underlined a general climate of suspicion and fear when discussing political leaders and the ruling party.

My experience in this area resonated with that of other researchers who have studied Hindu nationalist politics as well. For instance, Meera Sehgal (2007), conducting an ethnographic study of the RSS's women's wing, notes that,

> In terms of getting access to Hindu nationalist women, I had assumed that as an Indian woman from a Punjabi Hindu cultural background with a Hindu name, I would have no problem accessing the movement and its activists. But I was mistaken. The movement was profoundly suspicious of me and my "student from Western University" status—they viewed me as an outsider. (Sehgal, 2007, p. 168)

My position and background as an "outsider" kept reinforcing the boundaries of who I could interview and how contact with respondents could be established. Given this contingency, a plan to conduct a short survey on the political practices of textile and diamond businessmen was quickly shelved, as I realised during my initial attempts that businessmen would not participate in anything that involved asking political questions, let alone when they were being recorded, either orally or on paper. This, therefore, entirely restricted the collection of more widely generalisable survey-

[8] Interview with Yogesh, Journalist, Surat, 10 November 2022.

based data that could tell us more about the broader patterns of political attitudes and participation among business owners vis-à-vis Hindu Nationalist politics.

5. Conclusion

As this chapter has explained, this thesis is framed by a context-sensitive, historicised and multidimensional mapping of the provincial business class and its politics. Hence, a situated and qualitative research design has been adopted, as is described in this chapter. Methods such as semi-structured interviews, documentary sources, and unstructured observations noted during fieldwork form the core of the empirical material on which the substantive arguments and chapters are constructed. I also indicate some limitations and gaps in the data, which set the boundaries of what I have plausibly been able to account for and on which to build the key arguments of this thesis. The following empirical chapters, focused on the specific setting of Surat, draw on this diverse body of data. The following chapter, for instance, draws heavily on secondary sources, archival sources, and business histories based on interviews to lay out the context of Surat's economic and political transformation between the 1950s and 1990s. The chapters that follow draw more heavily on interviews and documentary sources discussed in this chapter.

3

A City of Textiles, Diamonds, & the Provincial Business Class

1. Introduction

Historically, between the 15th and 18th centuries, Surat was a maritime entrepot that linked western India to trading routes across the Arabian Sea and beyond. It was a city that saw the coming of the Portuguese in the 15th century and later the English in the 18th century, by which point it had become one of the central trading centres on the western coast of pre-colonial India. Apart from linking internal trade to oceanic trade routes, the city was also well-known for manufacturing handwoven textiles, particularly the jari industry. However, with the British Empire's rise in India and Bombay's emergence as the chief commercial city in western India, the city's fortunes declined. While historians have had a lively debate over the nature of this decline, it is undeniable that by the end of colonialism in India, Surat had stagnated, as Bombay emerged as the centre point for trade and commerce in Western India (Dasgupta, 1994; Haynes, 1991; Subramanian, 1996).

Cut to the middle of the 20th century, and from the 1950s onwards, the city would undergo a significant transformation. After decades of population decline, Surat's population grew from 288,026 to 1,498,817 between 1961 and 1991 (SMC, 2020), becoming the second-largest city in Gujarat. This transformation was tied to the growth of the two economic clusters that emerged in this period. These were the synthetic textiles and diamond processing clusters that developed from the 1950s onwards. Given the scale and centrality of these clusters in shaping modern Surat and

the city's business class, primarily associated with these two clusters, this chapter traces the evolution of Surat's economic order between the 1950s and 1990s.

In mapping this history, I highlight some critical features of the city's urban economic order, such as its organisation via small-scale family firms, the predominance of informal labour practices, the close entwinement of caste with capital, and a systemic aversion to state regulations and taxes. The chapter subsequently outlines the trajectories through which the various segments of the provincial business class emerged. In documenting this, I flag the significant role that social structures of caste and ethnicity have played in shaping the accumulation pathways of these specific communities. A theme I expand on in Chapter 4.

Further, the political order of the city also shaped the specific character and evolution of Surat's economic order and vice versa. This chapter then documents the growing influence of the emergent provincial segment of business on the city's political life and the political shifts that took place in the 1980s and 1990s. This period witnessed the rapid ascent of the Bharatiya Janata Party, which has remained the dominant political force in the city and Gujarat since the 1990s. Thus, the chapter covers a broad scope and provides a bird's eye view of Surat's economic and political transformations between the 1950s and 1990s.

The rest of the chapter is organised as follows. First, I discuss the evolution of Surat's economic order by examining the growth of the two economic clusters: synthetic textiles and diamond processing. In the second section, I shift focus to the making of the provincial business class in the city, which includes the cohort of power loom owners, dyeing and processing mill owners, textile traders, diamond traders, and diamond processing unit owners. I highlight the varied social origins of this class, based on caste and ethnic identity, that have forged different accumulation pathways. Lastly, in the third section, I focus on a critical aspect of the city's business class: its articulation and institutions of collective power (vis-à-vis labour) as they evolved between the 1940s and 1980s, and on its changing alignments with party politics, taking a turn towards Hindutva in the 1980s and 1990s.

2. The Transformation of Surat's Economic Order (1950s to 1990s)

Surat's growth is an example of what scholars have called "disorganised capitalism", underlining the vernacularised, cluster-ed, small-scale road to capitalist development that the city has witnessed (Menning, 1998). To understand how this path of capitalist development took shape, I first discuss the development of the synthetic textile cluster, driven by the power loom revolution since the 1920s and the advent of a decentralised cluster of manufacturing and trading. After that, I map the rise of the diamond cluster, which grew in Surat while intimately tied to the global market of diamonds because of the city's small-scale and informalised economic practices. These two clusters have fundamentally shaped the city's broader business culture, practices and institutions. I discuss these key features towards the end of the section.

The Development of the Decentralised Synthetic Textile Cluster

The early origins of the synthetic textile cluster in Surat date back to the 1920s, when the handloom industry began shifting to power looms. This period witnessed several technological developments that created the conditions for this change. First, electricity was introduced in 1922. The availability of a regular, cheap electricity supply made it possible for handloom weavers in the city to adopt power-driven looms, such as the Hattersley looms (Jha, 2022, p. 45). This was further facilitated by the availability of domestically produced power looms, which were being manufactured by a small group of domestic engineering firms. Towns near Surat, like Navsari and Bilimora, which previously produced ancillary parts for handloom weavers, started making parts for power loom units instead. These parts were then supplied to the growing textile cluster in Surat (Streefkerk, 1997, p. M–5).

Crucially, from the mid-1940s onwards, weavers in Surat also started to adopt synthetic fibres such as viscose, polyester, and rayon as alternatives to cotton, which had become available in the local market (Haynes, 2012, p. 273). The adoption of power looms and the switch towards synthetic textiles led to a massive increase in the productivity of weaving units, especially during the 1940s,

when the Second World War stimulated demand for textiles produced in weaving towns like Surat. By 1956, the Power Loom Enquiry Committee, set up by the Government of Bombay, reported that in Surat, power looms had switched entirely from cotton to the production of cloth from artificial or synthetic yarn (Government of Bombay, 1957). These technological developments would jumpstart the adoption of power looms and synthetic textiles in Surat, "lay[ing]the technological basis for the industrial transformation that would take place after independence" (Haynes, 2012, p. 14).

State policy vis-à-vis textiles in the 1940s and after that also aided this change. Surat's growing power loom cluster received a further fillip with the implementation of government policies that encouraged the development of small-scale industries. By the late colonial period, the necessities of the two world wars had pushed the colonial state in India to promote the growth of small-scale industries that could provide intermediate goods required for the war effort (Tyabji, 1989, pp. 121-2). In furtherance of this policy, now couched in the Gandhian philosophy of small is good, the Indian Government devised a list of products reserved for the small-scale textile sector. By the mid-1950s, further limits were placed on larger mills' production capacities, as they were actively discouraged from increasing the number of looms unless the expansion catered to the export market (Haynes, 2012, p. 282). While these policies were ostensibly intended to strengthen the handloom sector, they inadvertently benefited the growing power loom sector in weaving towns like Surat.

Power loom owners also devised ingenious means to ensure their units remained small. One such method was the *bhagala* (partitioning) system, where power loom units or *karkhanas* were partitioned and registered as separate units. This helped power loom owners register their units under the Bombay Shops and Establishments Act of 1948, not the Factories Act of 1948, thereby bypassing various labour welfare- and wage-related regulations. A survey conducted in the late 1970s confirmed the cluster's small-scale nature. In over 70 per cent of all the registered weaving units in Surat, fewer than 12 power loom machines were installed. Consequently, the number of workers registered with these units was less than 10. Thus, they could bypass labour laws that

applied to the larger mills under the Factories Act of 1948 (Gandhi, 1988). These early decades would hardwire informal capital and its circulation into Surat's urban economy.

The sustained growth of the power loom units throughout the 1950s and 1970s gradually led to the relocation of the weaving units that historically operated from the homes of weavers in the old city area. Modern workshops and industrial estates were set up on the city's outskirts to accommodate the growing number of power loom units. The development of industrial estates was emblematic of this development. One of the first industrial estates was the Udhna Industrial Estate in the southern parts of the expanding city. A group of textile business owners created a cooperative society, the Udhna Udyogagar Sahakari Sangh, to develop this estate after Morarji Desai, the Chief Minister of Bombay State, facilitated the transfer of the land from the Nawab of Sachin to the cooperative society.[9]

Opened in 1957, the Udhna industrial estate's infrastructure was developed by the power loom and processing house owners, utilising a 200,000 rupee loan that the Government of India advanced to them (TNN, 1960). The Udhna industrial estate, the largest in Asia at its opening, signalled the growing volumes of production in the city while remaining organised around small-scale units set up here.[10] Subsequently, following the opening of this estate, the Gujarat government also set up similar industrial estates in the 1960s and 1970s under the aegis of the newly formed Gujarat Industrial Development Corporation (GIDC).

Successive Gujarat governments thus also facilitated the growth of small-scale manufacturing firms. Starting in the 1960s, the Gujarat government implemented policies that encouraged the growth of the small-scale sector. As mentioned earlier, the Gujarat Industrial Development Corporation (GIDC) was established in 1962 under the Gujarat Industrial Development Act, and the Gujarat Industrial Investment Corporation (GIIC) was established in 1968. The GIDC's role was to acquire land and develop it for small- and medium-scale industries by providing various

[9] Interview with Gaurav G., Textile industrialist, Surat, 2 February 2022.

[10] Ibid.

infrastructural facilities. This kind of policy support, along with the all-India-level textile policies, which inadvertently supported the organisation of businesses as small firms in the textile industry, saw Gujarat's secondary sector grow in the 1960s and 1970s, based mainly on the proliferation of its small-scale sector (Sud, 2012, pp. 49–50).

Structural changes in the textile industry in India between the 1960s and 1980s further cemented Surat's place as the centre of synthetic textile manufacturing and trade in western India, organised around a mass of small power loom units. The decline of the composite mill sector, primarily located in Bombay and Ahmedabad, played a key role in this alteration of India's textile sector and the rise of Surat's synthetic textile cluster. The policy preferences for small firms, the unregulated nature of the power loom sector, and the advantages of the decentralised manufacturing systems led to the power looms outcompeting the composite mill sector between the 1960s and 1980s (Roy, 1998, p. 906).

Facing competition from power loom centres like Surat, declining profits, and labour unrest, numerous textile mills in Bombay and Ahmedabad shut shop in the 1980s and 1990s (Little et al., 1987; Roy, 1998; Spodek, 2011). With the decline of the mill sector in Bombay and Ahmedabad, cheaply available power looms bought from the scrap market fuelled a period of expansion of Surat's textile cluster in the 1980s and early 1990s. Many mill owners from Bombay and Ahmedabad also relocated to Surat to set up power loom units and dyeing and printing mills.[11] Evidence of this is that between 1984 and 1994, the number of power looms increased from 105,000 to 7,00,000 (Arora, 1995).

Gradually, along with the power loom sector, the dyeing, processing, and trading sub-sectors also developed in Surat. Till the 1960s, weaving units in the city mostly sold their produce to processing houses, where the woven fabrics were dyed and printed, in Bombay or Ahmedabad. The weavers sold their cloth to numerous traders who visited the city to take these fabrics to processing houses

[11] Interview with Gaurav G., Textile industrialist, Surat, 2 February 2022.

in cities like Bombay or Ahmedabad.[12] Gradually, some of these intermediaries (traders and merchants) and power loom owners set up their own processing houses in Surat. The number of processing and dyeing houses increased from 40 in 1960 to more than 250 units by the mid-1990s (Breman, 1996, pp. 58–59).

The opening of the Surat Textile Market at the heart of the city's ring road area in 1979 and other textile markets throughout the 1980s also led to the growth of the trading sub-sector for synthetic textiles, specialising in women's clothing like sarees.[13] With the wholesale buying and selling of fabrics now shifting to Surat, several traders who previously bought the cloth produced in Surat and sold it in various wholesale textile markets (*kapda mandis*) in India gradually shifted to Surat. These traders moved to the city predominantly from Rajasthan, Haryana, Punjab, and Delhi. They set up shops in numerous markets in the 1980s and 1990s.[14]

With the growth of the textile markets, an entire circuit of manufacturing-to-trading of synthetic textiles developed by the 1990s, with each sector connected through a dense network of intermediaries. Yarn dealers sold the yarn produced in capital-intensive large factories outside of Surat to yarn merchants, who then sold this yarn for twisting and texturising. After this, the processed yarn was sold to the power loom owners for weaving. The power loom units turned the yarn into grey fabric, which was then sent to processing houses to be dyed and printed. After this process, the fabric was sent to the textile markets. Finally, the traders and commission agents (*adatiyas*) sent these fabrics for dyeing and printing based on the buyer's request. After this, the processed fabric was sold to wholesale cloth traders and merchants, who flocked to Surat from various parts of India.

Given the decentralised structure of the textile cluster and the propensity to keep firm size small to avoid various regulations, relations between firms were mediated through personalised

[12] Interview with Anilbhai, Textile industrialist, Surat, 2 February 2022.

[13] Interview with Ritesh S, Textile Trader, Surat, 8 December 2021.

[14] Ibid.

relationships. In an ethnographic account of Surat's textile cluster, conducted in the 1990s, Garrett Menning (1997b) makes insightful observations about the role of personalised business relations and trust in the working of this cluster. For instance, Menning observes that in this world of textile businesses, personalised ties are central to the functioning of the textile cluster and, importantly, determine a business owner's success. This was because business was conducted orally rather than through formal business practices such as contracts and formal banking systems. He observed,

> Businessmen do not assess the quality of textiles or the honesty and creditworthiness of individual businessmen by relying on brand name, reputation, credit reports, or official licenses and stamps of approval. Instead, they are mainly concerned with the personal qualities of the individual merchants, middlemen and manufacturers with whom they deal. (Menning, 1997b, p. 69)

Building trustworthiness took place over long periods and through numerous circles of reference and cross-checking, making the roles of caste, ethnicity, and religious backgrounds foundational to the functioning of this informal system. At the heart of this informalised system was the family firm, a hybrid entity whose value was adjudged by its commercial successes and social reputation within the community (Menning, 1997b, pp. 69–80).

Thus, the growth of the syntenic textile cluster was an outcome of several interrelated factors – from the historical roots of weaver capitalism, which transitioned from handlooms to power looms in the 1920s to 1950s, to the informalised and small-scale path of expansion and the development of wholesale trading in the city from the 1980s onwards, aided by state policies, both directly and indirectly. By the 1990s, with this decentralised cluster in place, Surat emerged as the city with the most significant concentration of synthetic textile-related weaving units, dyeing and processing mills, and trading markets in India, producing 80 per cent of all synthetic textiles in India (Menning, 1998).

Diamond Processing Factory of the World

Surat's economic landscape was also transformed by the growth of the diamond processing cluster from the 1950s onwards. In the early 20th century, the global diamond market operated through a highly guarded, interconnected chain running across the world. Rough diamonds–uncut and unpolished natural diamonds–were mined in Southern Africa and brought to trading centres in London, UK and Antwerp, Belgium. Here, these diamonds were purchased by diamond merchants from diamond mining-cum-trading behemoths such as the De Beers Group-run Diamond Trading Company (DTC). After purchasing these diamonds from DTC or the secondary market, where individual merchants operated, diamond traders would send the rough diamonds to cutting and polishing centres. From the 1900s until the outbreak of the Second World War, diamond processing was mainly carried out in diamond processing units in the Campine region of Antwerp, Belgium. Once processed, the diamonds were returned to trading centres such as London, New York, and Antwerp and sold in the finished-diamond market.

With the outbreak of the Second World War–when Antwerp came under Nazi occupation–this global diamond market chain dispersed, with diamond trading shifting to places like Palestine and the United States (Hofmeester, 2013). It was during this period of war and disruption that Indian merchants, particularly from the Palanpuri Jain community, entered the closely guarded diamond trade, establishing the first connections between Surat and the world's diamond markets. With the global diamond market picking up in the post-war period and diamond trading relocating back to Antwerp, many Palanpuri Jain traders made their first forays into the Belgian market, leveraging their new contacts. As many of them made their way to Antwerp in the 1950s, these Jain traders concentrated on smaller-sized diamonds, which were considered uneconomical to cut and polish in Antwerp's processing centres.[15] By focusing on this niche segment and backed by tightly controlled community- and kinship-based business practices, the Jains gradually established a network in which they bought diamonds from diamond behemoths like DTC or individual

[15] Interview with Chetan S, Former diamond business owner, Surat, 4 March 2022.

merchants in Antwerp and then sent them to India to be cut and polished(Henn, 2010). Surat found its place in the post-war global diamond value chain here.

A shift in the Indian government's policy on importing and exporting luxury items like diamonds opened the door for India's nascent diamond processing industry, primarily based in Bombay and Surat. In 1958, the Government of India introduced a new import-export policy on diamonds, the Import Replenishment Scheme, that lifted restrictions on the import of rough diamonds on the condition that the polished diamonds were to be exported and sold at a higher value to aid India's exports (Shah, 1994, p. 2674). With this scheme in place, Jain traders operating across Antwerp and Bombay set up trading units that imported rough diamonds and exported processed diamonds. Bombay thus emerged as the trading centre of India's diamond industry, where rough diamonds were imported and exported. On the other hand, Surat emerged as the world's diamond processing factory.

Initially, the Palanpuri Jain traders encouraged the opening of diamond processing units in Surat in the late 1950s and early 1960s, bringing expert cutters and polishers from Antwerp to upskill the first generation of diamond processing workers (Hofmeester, 2013, p. 46). The city's proximity to Bombay was considered a crucial factor. The rough diamonds could be quickly circulated between Bombay and Surat via a traditional courier service called *angadias*. The *angadias*, a group of couriers famed for their discreet operations in the pearl trade, became the trusted carriers of these highly valued diamonds, mostly belonging to the Jain traders and merchants. After traders in Surat placed orders, the *angadias* carried the roughs from Bombay to the traders and commission agents in Surat. These traders then distributed them to the diamond-cutting and polishing workshops. Payments for these transfers were routed through another highly organised but informal network of financiers (mostly Jains) who worked on informal credit notes and bills of exchange, avoiding formal banking institutions and any form of taxation.[16]

[16] Interview with Sharad K, Former Diamond Trader, Surat, 10 March 2022.

With this system in place and the supply of rough diamonds steadily increasing throughout the 1960s and 1970s, numerous diamond processing units proliferated in Surat. The *hira karigars*, or diamond cutting and polishing workers in Surat, developed expertise in a niche skill set required to process smaller diamonds. Further, with the discovery of smaller-sized diamonds in Australia (Hofmeester, 2013), diamond units continued to increase from the mid-to-late 1970s. This is evident from Table 3.1, based on a survey conducted by IIM Ahmedabad and the All India Crafts Board. Between 1975 and 1982, more than 3,000 new units opened each year. In some years, such as 1978, 1979, and 1980, the number of new units opened exceeded 8000. Concurrently, the volume of diamond exports also increased during this period, rising from 733.6 million rupees to 9128.2 million rupees between 1975 and 1982 (Pathak, 1984).

Table 3.1: Growth of Diamond Processing Units and Exports in Surat, 1975-1982

Year	No. of New Units Opened	Exports (Rs/million)
1975	3607	733.6
1976	4531	990.7
1977	6516	2117.4
1978	8837	5166.8
1979	8541	6929.3
1980	10,500	5501.3
1981	7777	5906.4
1982	3150	9128.2

Source: (Pathak, 1984)

Apart from the role of the Jain traders and their connections to the city, which regularised the supply of rough diamonds, and the proximity of Surat to Bombay, another reason for the rapid multiplication of diamond processing units was the relatively low barriers involved in setting up such units. The initial capital and physical infrastructure required to set up diamond processing units were inexpensive. These units operated out of rented houses and only needed tables, chairs, and a couple of polishing and cutting machines called *ghantis*. Most units were small, employing fewer than seven workers, with the unit owners doubling as managers and workers. In bigger units,

having more than seven workers, the owners mostly took on managerial activities, overseeing the processing work. However, the size of these units was also relatively small, not exceeding twenty workers (Kashyap & Tiwari, 1984, p. M–99).

Commission agents and traders also encouraged workers to set up these small-scale diamond processing units, working on a job-work basis (Pathak, 1984, p. 32). Under this arrangement, diamond processing units were lent rough diamonds at prices fixed by the commission agents and diamond traders. After a batch of diamonds was processed, the final payments were made, almost always in cash. This allowed the firms to operate with low initial capital requirements compared to other industries.

The diamond units were mostly registered as sole proprietorship firms or partnerships, often between members of the same family or friends from the same village. Also, multiple units were registered under the names of different family members under the Bombay Shops and Establishments Act, 1948. This allowed the diamond processing units to evade government regulations on wage structures and working conditions, as seen in the synthetic textile cluster. It also helped them avoid taxes that larger firms had to pay. Plus, no legally enforceable contracts were used to conduct transactions, which instead took place over chits of paper or *chittis*.[17] These informal pieces of paper, as a form of contract or bills of exchange, were not legally enforceable but were socially regulated and enforced. If someone were found cheating, the entire network of processors and traders would come to know of this and blocklist this person.[18] With such informal practices dominating the cluster, formal sector firms and corporate groups found entering Surat's diamond cluster extremely difficult. Interestingly, in a news report published in 1991, a diamond business owner would remark that "[Diamonds] are the only business where even the mighty Tatas admitted defeat!" (Surendran, 1991).

[17] *Chittis* are handwritten chits of paper containing specifics relating to a diamond, its weight, its value, the date it would be delivered, and how the money will be paid.

[18] Interview with Sharad K, Former Diamond Trader, Surat, 10 March 2022.

It is important to note that by the first two decades, the diamond processing segment had become synonymous with the Saurashtra Patels, a community of agriculturalists from Saurashtra in peninsular Gujarat. A 1984 study on the diamond industry reported that among all units surveyed, over 60 per cent were managed by the Patels, and about 70 per cent of the workers also belonged to the same community (Pathak, 1984). The shared caste and kinship ties were fundamental in lowering the cost of labour. For instance, workers were not paid in-hand wages after being recruited from villages in Amreli and Bhavnagar districts in Saurashtra. Instead, the *sheths* (diamond unit owners) provided a place to stay while they worked on the rough diamonds. The worker got paid in cash only after learning the craft and, importantly, processing a fixed amount of diamonds.[19]

The system of *baki* (advance or loan) was also prevalent in the diamond cluster until the 1980s. Under this system, workers were paid an advance and, in return, were expected to be bound to the diamond processing unit, repaying the advance through their labour. Once an advance was made, workers were often made to work for much more than the initial amount, eventually falling into complete indebtedness to diamond processing unit owners. While this system of *baki* declined in the 1980s, as the loan amounts became unsustainable, it was one of the reasons for the rapid proliferation of diamond units run by the Patels in the 1970s and 1980s (Engelshoven, 1999, pp. 360–361).

With the diamond market experiencing a significant expansion in consumer demand for diamonds in the 1980s, especially in the primary export market of the USA, the diamond industry in Surat continued to expand rapidly, with industry insiders calling it the "golden period".[20] Diamond processing units proliferated throughout the 1980s, with the number of diamond cutting and polishing workers exceeding 90,000 by the early 1990s. Notably, during this period, many diamond unit owners from Surat also entered the world of trading, procuring access to the trading markets

[19] Interview with Bhavesh, Diamond Workers Union representative, Surat, 4 March 2022.

[20] Interview with Prabhat N., GJEPC-Surat official, Surat, 2 December 2021.

in Bombay, Antwerp and London. This further cemented Surat's place in the global diamond trade network (Sevdermish et al., 1998).

The Informalised Character of Surat's Economic Order

The growth of the synthetic textile and diamond processing clusters in Surat between the 1950s and 1990s propelled the city's transformation. Significantly, the predominance of the two clusters in the city's economic life consequently shaped the city's broader economic order –the institutional patterns, capital-state and capital-labour relations and business culture. The economic order then came to be defined by two key features. First was the small-scale path of accumulation that defined the growth of the two clusters. The impact of state policies encouraging small-scale industries and the ingenious strategies used by the city's businesses to keep the size of their firms small to take advantage of these policies and avoid state regulations ensured that Surat's urban economy grew via small firms organised around "clusters".[21]

The nature of these clusters reflects what the geographer Anne Markusen (1996) calls a Marshallian cluster. These clusters "comprise primarily of locally owned, small and medium-sized firms concentrated in craft-based, high-technology, or producer services industries" (Markusen 1996 in Roy 2013, p. 30). The other types of cluster forms include the "hub and spoke", "satellite", and "state-anchored industry" clusters, which are marked by the presence of large firms, with the smaller-sized firms acting as ancillary industries. In the case of Surat, while a few large firms emerged, the organisation of the two clusters as it developed between the 1950s and 1990s remained small and medium-sized, with a high degree of informalised interactions between them.

The growth of these clusters developed along a specific geography of the city (See Map of Surat, p. v). When it came to synthetic textiles, the central arterial road in the city, the Ring Road, became home to numerous textile markets from the 1980s onwards. At the same time, power loom units

[21] A cluster is defined as having the following characteristics: reasonably stable spatial boundaries, one or more prevailing industries, a population of relatively small-sized firms that interact through networks and a culturally rooted population (Harriss-White 2003, 203).

and processing mills were located in the southern parts of the city, housed in numerous industrial estates such as Pandesara, Sachin, and Kadodara, all within eight to ten kilometres of the textile markets.[22] The diamond industry, on the other hand, grew to the northeast of the city, with diamond units operating from the numerous apartment-like commercial buildings that mushroomed in the 1980s and 1990s. Diamond markets, such as the Mahidarpura diamond market on Varacha Road, emerged as the focal points of diamond trading.

Another distinctive feature of Surat's economic order was its informal nature. The textile and diamond industries were marked by informal labour, mostly migrant labour from other parts of Gujarat and India. While I discuss the politics of this informalisation in section 3, the economic rationale for informalisation was that it allowed firms to remain small and avoid labour regulation, thereby suppressing labour costs and giving them a comparative advantage. Additionally, it allowed firms to remain more dynamic than integrated, large firms and, importantly, to lay off workers when business cycles turned red, a pattern observed in other towns, such as Tirupur's garment industry, which also flourished between the 1970s and 1990s (Cawthorne, 1995).

Apart from capital-labour relations, business conduct between firms was also informal, rooted in caste-based and personalised relations. In place of formal contacts, banking institutions, and impersonal ties between firms and businesses, community-based, informal practices and vernacular institutions were foundational to the workings of both these clusters. As discussed above, with the state and its regulatory apparatus being actively circumvented by the city's businesses, vernacular and informal practices such as *jaan-pehchaan* (references), *bharosa* (trust), and *chittis* (paper notes) became integral to Surat's commercial life. Consequently, this shaped the distinct social origins and makeup of the city's provincial business class as it emerged and evolved between the 1950s and 1990s.

[22] Interview with Champalal Bothra, Textile trader, Surat, 2 December 2022.

3. The Making of the Provincial Business Class

With the growth of the synthetic textiles and diamond processing clusters, the business class that emerged in Surat mirrored a broader pattern of business class formation across different parts of India in this period, as discussed in the Introduction to the thesis. Apart from state policies encouraging the development of the small-scale sector, social structures of kinship, caste, and ethnicity were foundational in shaping the rise of this class of provincial business owners. As this class of business owners emerged between the 1950s and 1990s, their social composition showed a strong correlation among caste, ethnic identities, and accumulation (Table 3.2). The business owners who came to dominate the textile and diamond clusters were drawn from a distinct set of caste and ethnic groups. This included local, non-mercantile caste groups such as the Khatris, Modh Vaniks, and Ranas, as well as migrant communities like the Marwaris and Saurashtra Patels.

These communities came to be associated with specific sub-sectors in the two clusters. For instance, in the synthetic textile cluster, the Khatri community dominated the power loom sub-sector, while the Marwaris dominated the trading sub-sector. Similarly, the Saurashtra Patels were initially associated with the diamond processing segments in the diamond processing cluster before moving into the trading segments. To illuminate the pathways through which such social segmentation took place, I briefly discuss these pathways of accumulation that led to the variegated social make-up of the provincial business class in the city.

Table 3.2: Social Origins of the Provincial Business Class in Surat

Caste/Community	Business Origins	Sector	Period of Transition
Khatris	Handloom Weaving	Power Looms	1930s to 1960s
Marwaris	Textile Trading	Textile Trading & Processing	1980s to 1990s
Palanpuri Jains	Pearl Trading and Financing	Diamond Trading	1940s to 1960s
Saurashtra Patels	Agriculturalists	Diamond Processing	1960s to 1990s

Source: Author

I first start with the Khatris. Historically, the Khatris were an artisan community whose origins to the Panch Mahal district of lay injarat. Members of this community moved to Surat over the 17th and 18th centuries, joining the handloom industry as weavers (Haynes, 2012, p. 31). The Surat Gazetteer of the Bombay Presidency, published in 1877, reported that the Khatris were known for manufacturing various types of fabrics and *jari* (Jha, 2022, p. 44). By the turn of the 20th century, the Khatris remained closely associated with Surat's handloom and *jari* industries. Operating family-run handloom and *jari* manufacturing units, there were strict restrictions on employing workers from within the community. For instance, in a proclamation made in 1906 at a gathering of community members, presided over by Nagindas Kharwar, a wealthy Khatri businessman, it was mandated that only Khatri weavers could work in the factories run by their fellow caste members (Haynes, 2012, p. 86). Such community-based regulations and practices led Khatris to be fully embedded in the city's local economy and develop specialised know-how in weaving and textiles.

This, consequently, positioned them as one of the primary protagonists of the power loom revolution in the city from the 1920s. By the 1940s, a stratum of weaver capitalists emerged amongst the Khatris. As discussed in the previous section, these weaver capitalists led the way in

adopting power looms and synthetic textiles. A prominent example was the Himson group, run by the Bachkaniwalas, a prominent Khatri family. Hiralal Bachkaniwala is known to have started a handloom unit in the 1940s before transitioning to power looms in the 1950s. Starting as an employee at Surat Silk Mills in the 1920s, Hiralal gained enough expertise in machine weaving to start his own business in 1938. He would use the profits earned during the Second World War and take advantage of policy measures encouraging small-scale industries to transition to power looms and synthetic fibres by the end of the 1940s. Epitomising the broader move in Surat's weaving quarters towards the adoption of synthetic yarn, the Bachkaniwalas formed one of the most prominent textile families in the city, owning hundreds of power looms and processing units (Hanyes, 2012, pp. 251-253).

Hiralal's son, Surajram Bachkaniwala, also became a key figure who signalled the importance of Khatri weaver capitalists in Surat's transformation. Surajram was sent to the UK to learn about textile manufacturing and eventually take over the company. Under his chairmanship, the company rapidly adopted power looms and started manufacturing synthetic textiles. Widely regarded as the doyen of the synthetic textile industry, he encouraged the city's weavers to adopt synthetic yarn and helped build key institutions, such as the SUTEX Co-operative Bank, which began operations in 1972.[23] Led by prominent figures and families like the Bachkaniwalas, Vakharias, Hathiwalas and Dhamanwalas, most Khatri families associated with weaving started power loom units and dyeing and processing mills in this period (Haynes, 2012, p. 274).

The Surat Gazetteer of 1962 documents how Khatri-owned businesses bought power looms from composite mills and retrofitted them in their household sheds (Government of Gujarat, 1962). Community ties amongst the Khatris helped secure loans and the capital required to expand their units. Banks like the SUTEX Co-operative Bank were also used to meet the capital requirements for this transition. Overall, the Khatri community came to be associated with the synthetic textile revolution that swept the city from the 1950s onwards. Khatris, then, represented the weaving route to becoming key constituents of the city's provincial business class. Starting as handloom

[23] Interview with Mahendra K., Textile businessman, Surat, 21 February 2022.

weavers, the Khatri business owners relied on their community-based know-how in the weaving sector and on links among community members to emerge as the preeminent community operating in the power loom segment.

Whilst the Khatris emerged as the dominant social group in the weaving sector, from the late 1970s onwards several mercantile communities, primarily from outside Surat, moved to the city to join the textile trade. The opening of numerous textile markets in the 1980s led to Surat emerging as one of the largest markets for the trade in synthetic textiles in western India, even surpassing Mumbai. As a result, many traders and commission agents, settled in different parts of India, have now relocated and set up businesses in the city. Throughout the 1980s and 1990s, traders and merchants from states like Rajasthan and Punjab and cities like Mumbai, Delhi, and Kolkata moved to Surat. The largest social group amongst these traders were the Marwaris.[24]

The Marwaris, an ethnic-cum-caste community, have historically been known for trading and moneylending across South Asia (Timberg, 2014). Before the growth of textile markets and the trading of textiles moving to Surat, traders, merchants and commission agents from the Marwari community acted as intermediaries through which the power loom weavers sold their products to various wholesale markets in India. The traders were often based in different cities. They visited weavers individually in towns like Surat to buy the fabrics and took them to the various *Kapda mandis* or textile markets. Conversely, with textile markets developing in Surat, Marwari traders and *adatiyas* (commission agents) latched on to this growing opportunity. A Marwari textile business owner recalled how many like him moved from places like Amritsar and Delhi to Surat in the late 1980s, drawn by this opportunity. He would share that:

> We ran a wholesale textile business in Delhi earlier. I was the eldest in my family and joined our family business, which was started by my grandfather in 1950. We were dealers, and our business contacts were spread across northern India. To procure our goods, we would keep coming to Surat and found that with the setting up of the Surat

[24] Interview with Praful Agarwal, Textile business owner, Surat, 13 November 2021.

> Textile Market, there was an opportunity to set up a trading business here. Therefore, in 1987, we started trading in Surat, renting a shop in the Surat Textile Market. Since this was the golden period for the textile industry in Surat, we made super profits and started to expand. We opened more shops in other textile markets in the city and started a process house [where the fabric is dyed and printed] in 1992.[25]

Gradually, as Marwari traders moved to Surat and opened shops in the textile markets, the trading sector came under the control of Marwari businesses. Many used this surplus to invest in power loom units and dyeing and printing houses, earning high profits from trading. The setting up of dyeing and processing mills further consolidated the trading segments of the textile cluster around the Marwaris. This is because it became common for Marwari businesses to deal with only Marwari traders, excluding other communities (Menning, 1997a). Further, the community's countrywide connections across India's textile markets gave them an added advantage.[26]

Consequently, by the 1990s, Marwari business owners emerged as a dominant social group within the city's textile cluster, displacing the Khatri-owned firms' dominance. This highlighted the internal frictions within the city's business class as well. According to the Khatris, the explanations for why this happened ranged from the opening of the Surat Textile Market, which allowed traders from the "outside" to settle, to explanations that pointed to the "hardworking nature" of the Marwaris.[27] While the Khatris continued to be engaged in the power loom sector, it was clear that by the 1990s, there was a shift in the balance of power, with the Marwari community becoming the more commercially influential group within the textile cluster, determining prices and aggressively expanding their production and trading capacities.[28] The Marwaris thus came to represent the trading route of accumulation, using their broader mercantile connections and

[25] Interview with Praful Agarwal, Textile business owner, Surat, 13 November 2021.

[26] Interview with Ritesh S, Textile trader, Surat, 8 December 2021.

[27] Interview with Gaurav G., Textile industrialist, Surat, 2 February 2022.

[28] Interview with Praful Agarwal, Textile businessowner, Surat, 13 November 2021.

background to take advantage of the changes that were taking place in Surat's textile cluster from the early 1980s onwards.

A similar social character of the capital-owning class also emerged in the diamond processing cluster. Due to the diamond industry's distinctive nature–dealing with precious luxury goods through a chain of unregulated, trust-based networks and actors–the diamond industry effectively came to be controlled by two communities: the Palanpuri Jains and the Saurashtra Patels. As discussed earlier, the Palanpuri Jains pioneered the diamond industry in India, building on their previous experience trading in pearls and other precious gems. Operating from both Surat and Bombay, members of the Jain community set up the first diamond processing units in Surat in the late 1950s. As discussed in the previous section, in the early decades, it was primarily members of the Jain community who dominated the diamond industry in India, from importing rough diamonds to operating processing units, managing the financing of these transactions and transporting the diamonds through the *Angadia* system.[29]

However, the Jains' monopoly was progressively undone with the rise of the Saurashtra Patel diamond business owners. While I discuss this in more detail in the next chapter, I briefly discuss their transition as an influential segment within the city's business class here. Starting in the 1960s, young Patel boys migrated to Surat in search of work, with social violence between the Patels and Rajputs in the districts of Amreli and Bhavnagar in rural Saurashtra, as well as continued droughts in the region, making agriculture unsustainable. Gradually, the Patels became the numerically preponderant social group among workers in the diamond cluster, displacing workers from other communities and groups. Within a decade, from the mid-1970s, many Patel workers also started to set up their diamond processing units, often with the encouragement of the Jain traders and commission agents who were more interested in the trading aspects of the segment.

These diamond processing units were mostly small-scale and worked without formal registration or contracts. This created an issue for Patel owner-managers accessing working capital and loans

[29] Interview with Prabhat N., GJEPC-Surat official, Surat, 2 December 2021.

from formal banking institutions. In stepped the community network of financiers, friends and family. As a prominent member of the Saurashtra Patel community shared, "The Saurashtra Patels succeeded in the [diamond] business because they cooperated and helped each other with the supply of rough diamonds and money".[30] As an example, Patel processing unit owners often collectively bought large quantities of rough diamonds from the Jain diamond traders and shared them amongst themselves, which helped divide the costs and risks. Kinship and caste-based social ties were crucial as these ties formed the foundation on which the trust-based and informal conduct of business would occur. Over time, some Patel diamond unit owners also became traders, further challenging the monopoly of the Jains in the diamond trade. The Saurashtra Patels then came to represent the worker-to-diamond business owner pathway, emerging as a powerful social bloc within the city's provincial business class.

Thus, several historical, economic and sociological factors shaped the origins and social character of the city's provincial business class. This socially heterogeneous (but mainly composed of intermediate and upper-caste groups) social nature of the city's business class was tied to the three distinct pathways of accumulation that I discussed above. If the Khatris came to represent a weaving path, the Marwaris represented the merchant path, and the Patels represented the workers' path to capital accumulation. Of course, apart from these three communities, business owners from other communities like the Vaniyas, Brahmins, Muslim Memons, Ranas, and Modh Vaniks also operated in the city's urban economy. However, the social groups I have focused on in the above discussion best represent the different pathways that shaped the emergence of the city's capital-owning class, which continues to dominate the city's economic order.

4. The Evolution of Surat's Political Order (circa 1950s to 1990s)

Given the transformative economic changes in Surat between the 1950s and 1990s and the emergence of this provincial business class, primarily operating around the two clusters, provincial capital also established its dominance over Surat's political order. By the political order, I denote

[30] Interview with Girish B., Varacha Co-operative Bank BoD Member, Surat, 5 April 2022.

the domains of formal electoral politics and the institutionalised power relations between different social classes and groups, such as labour and capital. What shapes the order are the competing interests, ideas, and groups, which are in deliberation, negotiation, coercion, incorporation, capitulation, manoeuvring, and further conflict (Leftwich 2004 in Sud, 2021, p. 14).

Gujarat has historically been known for a political culture dominated by a mercantile ethos, with business communities wielding significant influence in Gujarat's polity and social life (Yagnik & Sheth, 2005, p. 19). Pravin Sheth (1976) thus observed that Gujarat's politics was "commercial in style and technique" (Sheth 1976 in Kohli 2012, p. 182). Surat, in particular, has been witness to many historical periods where a close alliance between business and political elites has been forged. For instance, the city witnessed the rise of the "Anglo-Bania Order" in the 18th century, representing an alliance between the Baniyas (a grouping of Hindu and Jain mercantile communities engaged in trade and moneylending) and the East India Company, which emerged as the paramount political authority in this period (Subramanian, 1985). As I explain below, the emergent provincial business class also established their dominance in the city's political life in the post-independence period. A key reason for this was its capacity to organise its interests and strategically counter any form of workers' collectives. They also devised ingenious economic responses to it, such as the informalisation of the workforce, much before informalisation became a reality in large parts of India's industrial economy from the 1990s onwards (Breman & Das, 2000).

The second aspect of the city's political order that I throw light on is the transformation of the party-political landscape. Surat, a long-time stronghold of the Congress party, would give way to the rise of the Hindu Nationalist BJP by the 1980s. The Bharatiya Janata Party (BJP) gained prominence in the city's politics following the political developments observed in other parts of Gujarat during the 1980s and early 1990s. In examining the compact formed between the city's provincial business class and the rising BJP, I highlight specific instances, such as the Bombay Textile Strikes of 1982-83 and the Surat riots of 1992-93, that were pivotal. Therefore, while detailing these shifts, I focus on the city-specific dynamics and incidents, set against the backdrop

of the broader political transformations in Gujarat during the 1980s and 1990s (Shah, 1996; Shani, 2007; Sud, 2012).

Organised Business, De-mobilised Labour

Historically, mercantile life (and the articulation of its power) in Gujarat was chiefly organised through Mahajans, an institution dating back to the 12th century. Mahajans were guild-like institutions that maintained oversight over the city's social and commercial affairs. Headed by a *Nagarsheth* (the chief merchant), the body regulated prices of the commodities, adjudicated disputes amongst its members and collectively asserted their interests and demands before the political authority (Yagnik & Sheth, 2005, pp. 26–30). Even into the early 20th century, Mahajans remained the centre of mercantile power and dominated the city's commercial and social life. There were two types of Mahajans: the occupational Mahajan representing the different lines of trade and the Samast Vanik Mahajan representing all the Hindu Vaniyas (Haynes, 1991, pp. 61–62). The city's "inner politics"–the internal relations between the various caste and community groups–was governed by the Mahajans. At the same time, the body was also recognised as the paramount body that represented the interests of the business communities before the colonial state (Haynes, 1991).

However, with the transformation of Surat's urban economy, these traditional bodies eventually "gave way to the formal setup of trade organisations" (Shah, 1974, p. 41). These modern business collectives marked the rise of a new articulation of business power and its engagements with the post-colonial state. The South Gujarat Chamber of Commerce and Industry (SGCCI), established in 1940, emerged as an influential body that articulated the interests of the growing provincial business class in the city. By 1958, more than 17 trade associations representing various business interests would be affiliated with the SGCCI. This included the Surat Vankar Sahakari Sangh Ltd., Surat Art Silk Cloth Manufacturers Association, Surat Weaving Association, and Surat Jari Merchants Association (Patel, 1958). Initially controlled by the older business communities like the Vaniyas, Kanbis, and Brahmins that had dominated the Mahajans, the SGCCI gradually came

under the control of the upwardly mobile Khatri power loom owners.[31] Indicative of this was that between 1950 and 1980, out of the 26 elected Presidents of the SGCCI, 16 belonged to the Khatri community (Madrasi, 2022).

The SGCCI was used proactively to ensure that the newly independent government could be lobbied to implement policies that aided the transition of the handloom industry in Surat towards power looms organised around small-scale units. For instance, in 1955, the SGCCI organised weavers in Surat and submitted representations to the power loom enquiry committee that the Bombay government set up, demanding the protection of the small-scale industry in the city (Patel, 1958). By the 1960s, SGCCI and its range of affiliated bodies had established a practice of collective action to lobby governments at various levels. This helped to protect the growing small-scale sector of power looms, which, as I have discussed above, benefited from the range of government policies put in place to protect the small-scale industries.

Even at the level of implementation of various regulations, the SGCCI and other trade bodies became important pressure groups that helped keep these clusters' unregulated economic practices in place without the state's active intervention. Following Aseema Sinha (2005), these business associations, like the SGCCI, thus acted like "Political organisations seeking power and influence. In this respect, they are similar to other political organisations in society. In seeking power, they respond and adapt to the existing distribution of power [and] the sinews of state power" (Sinha, 2005b, p. 25).

In contrast to the textile cluster, the diamond cluster lacked formal bodies for collective action like business or trade associations until the late 1980s. Surat's diamond processing unit owners, mostly Saurashtra Patels, remained unorganised as the diamond industry's interactions at the upper echelons of industry-government interactions remained dominated by the Jain traders and trade bodies such as the Diamond Merchants Association based out of Bombay. The unorganised, lower segments of the diamond industry, dominated by the diamond processing unit owners settled in

[31] Interview with Mahendra K., Textile businessman, Surat, 21 February 2022.

Surat, were not seen as stakeholders at these high tables.[32] Conversely, interactions with the local police or bureaucracy occurred on an informal and personalised basis.[33] The parts of the city where the diamond cluster gradually developed were referred to as areas where the diamond unit owners and traders were the lawmakers themselves, as they were seen as out of bounds for government officials (Engelshoven, 1999, p. 372).

Only in the late 1980s was a formal trade body formed to represent the interests of diamond processing unit owners and traders. The Surat Diamond Association (SDA) was established in 1988. Led by the diamond business owners primarily from the Saurashtra Patel community, the SDA emerged as a crucial body representing the interests of the diamond ateliers, which had grown in size and scale by the 1980s. It is important to recall that over a period of time, many of the Patel diamond processing unit owners were making forays into trading and exporting diamonds, competing with the Jains settled in Bombay, who had hitherto controlled the diamond trade.

The SDA emerged as a vehicle to liaise with the government, especially the Gems and Jewellery Export Promotion Council (GJEPC), an export promotion council created by the Government of India in 1966 and headquartered in Mumbai. Diamond processing unit owners also used the SDA to mediate between owners and workers. While continuing to avoid any regulatory oversight of the state, the SDA acted as a regulator of employer-worker relations after its formation, albeit informally (Joshi, 2020, p. 36). To aid this, the SDA set up a "labour welfare" organisation, the Ratnakalakar Vikas Sangh, in 1990, which, as a diamond worker union expressed, acted like a "safety valve, just like in a pressure cooker".[34]

Apart from formal trade and industry associations, community organisations indirectly institutionalised business power. Due to the socially embedded nature of capital, the city's business class organised its interests via caste and community organisations and bodies. This was, again, a

[32] Interview with Mahendra K., Textile businessman, Surat, 21 February 2022.

[33] Interview with Prabhat N., GJEPC-Surat official, Surat, 2 December 2021.

[34] Interview with Bhavesh, Diamond Workers Union representative, Surat, 4 March 2022.

legacy that goes back to the pre-1950s period, with the bodies mirroring in some ways the Mahajan setup, regulating social affairs within the community, such as on matters of marriages, writing community histories, building temples and community centres, and organising meetings on various socio-cultural issues. Some of the prominent community organisations included the Shree Surat Khatri Samaj (established in 1955), the Surati Modh Vanik Samaj of Surat (established in 1946), and the Shree Surat Ranaj Samaj (established in 1970). The Marwaris, who were moving to Surat in the late 1970s, also established similar community organisations, such as the Agarwal Samaj Trust, established in 1980. Similarly, the upwardly mobile Patels established the Shree Saurashtra Patel Seva Samaj in 1983. All these community bodies, in varying degrees, reflected a fusion of the city's business class's economic and social power, albeit organised along caste and ethnic lines.

Inversely proportional to the institutionalised power of business was the absence of an organised workers' movement in the city. While historically Surat's commercial life was not well known for workers' unions and their movement, the 1950s and 1960s witnessed fledgling attempts to organise workers (Desai, 1972; Haynes, 2012). In the early 1950s, union activities saw an uptick under the aegis of the Textile Mazdoor Panchayat, aligned with the socialist Indulal Yagnik-led textile union headquartered in Ahmedabad (Haynes, 2012, p. 291). In Surat, the Mazdoor Panchayat was led by I.C. Desai. Throughout the 1950s, many agitations were launched under his leadership. The issues ranged from demanding better wages, bonuses and holidays for workers. However, it was over the partitioning of the factories and workshops that capital-labour relations in the city came to loggerheads. This became a contentious issue for the unions that had built up considerable strength in the 1950s, leading to several faceoffs between workers and loom owners to ensure these provisions were implemented.

In June 1952, for instance, the Bhagala Satyagraha (anti-partition movement) was launched by the Mazdoor Panchayat, demanding an end to the partitioning of weaving units and factories in the city. This movement led to massive rallies and a hunger strike launched by I.C. Desai. However, these early signs of collective action among workers were met with a police crackdown, with the arrests of over 200 workers and organisers, implying state complicity and the already existing

business-state nexus. The power loom owners also laid off most workers participating in these agitations (Haynes, 2012, pp. 292–293). Following this action, labour organising ebbed, and the power loom owners continued partitioning their units. In response, textile unions increasingly took the legal route, challenging these partitions as violative of various industrial acts and codes. However, on most occasions, these legal challenges were lost as the power loom sector continued to grow through the small-scale route, which was in effect via the partitioning of large firms. By the end of the 1960s, the hegemony of provincial capital was firmly established, as they scuttled all attempts at building workers' collectives and unions in the city (Haynes, 2012, p. 301).

A different strategy to further curtail workers' movements and rights emerged in the 1970s. This involved recruiting migrant labour from outside Surat. This move was as much an economic move as a political move, as the new mass of workers was seen as more pliable (Haynes, 2012, p. 294). From the 1970s, power loom owners shifted their labour recruitment practices, with many migrant workers from Odisha joining the textile cluster as informal workers. This further consolidated the informalised nature of the cluster, as a mass of footloose labour now moved into the city. Workers were engaged through labour contractors who "supplied" workers with wages paid on a piece-work basis.[35] Such flexible modes of organising work, thus, "free[d] capital owners from the bother of managing production and any possible claim by workers on their responsibility as employers" (Breman, 1996, p. 158).

Eventually, migrant workers predominantly from Odisha and parts of Maharashtra, Andhra Pradesh, Bihar, and Uttar Pradesh became the mainstay of the textile cluster, completely replacing workers from the city and its surrounding districts (Breman, 1996, p. 62). Two factors immobilised any form of collective action of workers. One, they would not be formally registered with the units they worked in, making unions ineffective, as no demands could be legally made on the textile unit owners. Second, since these workers often engaged in circular migration–working for a few years

[35] The piece-work system is a form of wage payment where the workers were paid based on cloth woven during their 12-hour shifts. Wages, therefore, were not tied to the number of hours worked, but was tied to the amount of fabric woven or processed by the workers.

in Surat before heading back to their native places–they largely remained invisible in the domain of local politics in the city.[36]

Diamond traders and processing unit owners on the other side of town also ensured the diamond cluster remained free of any organised workers' movements. Diamond processing units were far more coercive in their control of labour. With the Saurashtra Patels mostly running these diamond processing units, kinship and caste ties amongst the workers and owners ensured that labour unrest, if any, was contained. In an ethnographic study on the diamond cluster, Miranda Engelshoven (1999) documents how diamond polishing and cutting workers remained largely unorganised despite the harsh working conditions. A key obstacle was the system of piece rate payments. Under this system, workers were paid based on how highly their processing skills were valued by the *sheths*, which was, in turn, linked to the quality of the rough diamond. This meant that workers often jostled one another to procure higher-quality rough diamonds, creating hierarchies and a culture of individualisation among workers.

Furthermore, physical violence was prevalent across the diamond processing cluster, with *sheths* known to use physical violence against workers. Throughout the 1970s and 1980s, there were numerous stories of *karigars* (workers) being tortured and even murdered in some extreme instances. While this was attributed to the system of *baki*, discussed in section 1, workers were also subject to physical violence on suspicion of "stealing" or "swapping" diamonds or when attempting to organise protests (Engelshoven, 1999, pp. 372–373). Since most owners and workers belonged to the Saurashtra Patel community, this made it further difficult for workers to protest against the *sheths*.

A union leader who has worked in the diamond processing cluster for over four decades explained, "Organising workers in the diamond industry has always been difficult. The tightly-knit world of diamond owners in the city meant that if a single worker tried to raise his voice in protest, no other *sheth* would be willing to give him a job, and he would have to leave the industry and return to his

[36] Interview with Suvojit, Researcher, Surat, 25 November 2021.

native place".[37] Added to this, the fact that most of the diamond unit owners were former workers generated a sense of social legitimacy and pride among the workers. Miranda Engelshoven would, therefore, conclude that "this feeling of unity and pride possibly creates a serious obstacle when organising strikes and mass protests in the diamond industry. It helps to explain…why *karigars* [workers] seem willing to forgive owners their sins of the past and the present" (Engelshoven, 1999, p. 376).

The provincial business class and its different factions operating in the textile and diamond clusters firmly established their hegemony in the city's political life between the 1950s and 1990s. This consequently engendered a narrow political settlement between businessmen, politicians, and the local bureaucracy. Thus, an opinion piece published in the early 1990s described Surat's growth as a form of "lumpen capitalism" where an informal but robust alliance between politicians, businessmen and the local state underpinned a system where working outside the law was the profitable and more convenient order of doing things (Khare, 1993). One critical domain in which this order was reworked was party politics, which transformed dramatically between the 1980s and 1990s.

The Turn Towards Hindutva in the 1980s and 1990s

In the first three decades after independence, the Congress Party dominated Surat's politics. It won all the Members of the Legislative Assembly (MLAs) and Members of Parliament (MPs) seats in the city between 1952 and 1975. Explaining the dominance of the Congress, a veteran Congress leader stated that the party, similar to its national character as a catch-all party, drew support from different castes, classes, ethnic, and religious communities in the city. Surat's political life was also relatively insulated from inter-religious implosions between the 1950s and 1980s. As discussed in the previous section, labour-capital relations were also successfully subdued by the 1960s. This

[37] Interview with Kishore, Diamond Workers Union representative, Surat, 2 March 2022.

created a stable political order in which the Congress Party dominated the party-political space in the city.[38]

In this period, the Congress was dominated by figures like Morarji Desai, an Anavil Brahmin, Lok Sabha MP from Surat between 1957 and 1980, and India's Prime Minister between 1977 and 1980. While the likes of Desai represented the pro-business factions within the party, other important local leaders in the Surat Congress included Jinabhai Darji, a Gandhian activist with a mass base amongst the backward classes and Adivasis in south Gujarat, as well as Ishwarlal Gulabbhai Desai, who led the trade union wing of the Congress in the city. From the point of view of the city's business class, the Congress Party remained the party of choice, with the party also dominating the city and the state's politics.[39] Apart from the old mercantile elite, the Congress received support from the upwardly mobile Khatri and Rana communities.[40] As Douglas Haynes (2012) documents, businessmen from these intermediate caste groups "enter[ed] politics on a new scale: as the heads of cooperative societies, as members of municipalities…and as important figures in political parties, including the Congress Party" (Haynes, 2012, pp. 284–285).

However, cracks in the Congress's dominance appeared following the split in the all-India party in 1967, with leaders like Morarji Desai siding with the Congress (O) in opposition to the Indira Gandhi-led Congress (I). With this split in the Congress and amidst public outcry on the issue of price rise across Gujarat in the mid-1970s, the elections of 1975 threw up a surprise in Surat. The Congress (O) won three out of the four MLA seats in the city, while in another seat, Surat East, the Hindu Nationalist Jan Sangh would make a breakthrough. Kanshiram Rana, a law graduate from the Rana community and Hindutva's rising star, won this seat in an early indication of the sweeping change in the city's political life that would come about in the 1980s. While Congress (I) won back the Surat parliamentary seat and all the MLA seats in the 1980 elections, political

[38] Interview with Naushad D., Politician, Surat, 17 November 2022.

[39] Interview with Sanjay P., Politician, Surat, 22 April 2022.

[40] Ibid.

developments in the 1980s saw the gradual disintegration of Congress in Surat and the rise of the BJP.

The 1980s were a period of intense political churn in Gujarat's politics. A set of elite revolts of the socially dominant groups erupted in response to Congress's KHAM strategy (Jaffrelot, 2024; Shah, 1996; Sud, 2012). This political strategy sought to build a social coalition of Kshatriyas, Harijans (Dalits), Adivasis and Muslims and was incidentally crafted by the Surat-based Congress leader, Jinabhai Darji, among others. A social backlash of dominant caste groups against this social coalition led to the anti-reservation movement and anti-Muslim riots in the mid-1980s. These fractious and violent developments eventually led to an implosion of the Congress's political dominance in Gujarat (Shah, 1996; Shani, 2007; Sud, 2012).

In Surat, the ramifications of these state-wide developments are noticeable in elections throughout the 1980s, with the BJP making the most gains and the Congress declining (Table 3.3). In the 1989 Lok Sabha elections, the Congress lost the Surat MP seat, with the BJP winning it for the first time. Subsequently, in the 1990 state elections, the Congress lost all the Surat-based legislative seats to the BJP and by 1991, the BJP wrested control of the cash-rich Surat Municipal Corporation after a majority of Congress corporators switched to the BJP (TNN, 1991). These three years established the BJP's early dominance over the city's party political sphere.

Kanshiram Rana, in particular, arose as the new political strongman in the city and the bridge between the city's textile businessmen and the BJP.[41] Rana had joined the Jan Sangh in college, soon becoming an MLA from the Surat East constituency in 1975, a first for the Jan Sangh. As a rising political leader in the city, Rana cultivated strong ties within the Rana community by playing an active role in the Shree Rana Samaj, which sought to bring the Rana community together and rewrite their community history, tracing it to Maharana Pratap. He also played an active role in resisting the imposition of taxation on the *jari* industry, cementing his position as a leader of the

[41] Interview with Jayesh R., Politician, Surat, 28 March 2022.

numerically and socio-economically significant Rana community.[42] In the 1980s, Rana became the mayor of the politically significant and cash-rich Surat Municipal Corporation three times –1983, 1984, 1988– and the President of the Gujarat BJP twice. By the end of the 1980s, he had emerged as the BJP's "supremo" in Surat. He won the Surat Parliamentary seat in 1989, held uninterruptedly until 2009, even becoming the Union Textile Minister.

Table 3.3: Vote Shares of Congress and Jan Sangh/BJP in Assembly Elections (1952-1995)

Year	Congress	Jan Sangh/BJP
1952	57.8	0.4
1957	79.3	0
1962	67.5	0.6
1967	62.9	1.7
1972	50.8	8.8
1975	38.1	9.0
1980	54.7	20
1985	60.8	23.8
1995	42.3	52.1

Source: Varshney, 2002, p. 243

With the Congress in decline, a significant segment of the provincial business class in Surat moved towards the BJP. Apart from the changing landscape of Gujarat politics in the 1980s, two developments facilitated this break between the provincial business class and the Congress. First, the textile strikes in Bombay in 1982-83 and the spectre of Dutta Samant shaped the political choices of the city's business class, especially in the textile cluster.[43] Many businesspeople I spoke

[42] Interview with Jayesh R., Politician, Surat, 28 March 2022.

[43] The Bombay Textile Strike was one of the most significant collective actions taken by workers in Mumbai's (formerly Bombay) textile mill sector between 1982 and 1983. This strike would start in January 1982 with wage-related demands and spontaneously turn into an industry-wide action by workers led by a former doctor and trade unionist, Dutta Samant. Dutta Samant would emerge not only as the leader of this movement but also came to symbolise the threat of unionisation and workers movements for the textile capitalists, small and big, in western India in this period. For a comprehensive study on these strikes, see *The 1982–83 Bombay Textile Strike and the Unmaking of a Labourers' City* by Hub van Wersch (2019).

to kept bringing up the figure of Dutta Samant to point out how the city benefited from the fact that *union-baazi* (trade unionism) of the kind seen in Bombay did not emerge in Surat during this period. One key reason was that the primary challenger to the Congress was the BJP, which had gradually deepened its ties with the city's business class. A textile factory owner shared how businessmen, to counter the influence of Dutta Samant, entered "an unsaid contract with the BJP in those days".[44] He would add, "Our support for the BJP, led by Kanshirambhai, was based on the fact that, unlike the leaderless Congress, it was more capable of not allowing the likes of Dutta Samant to raise his head in the city".[45]

Relatedly, and perhaps more decisively, the major political event that clinched the BJP's rise and cemented its ties to the city's business class was the outbreak of communal violence in 1992-93, following the demolition of the Babri Masjid on 6 December 1992. Surat, which was historically known for amicable relations between different religious communities (Engineer, 1993; Varshney, 2002), witnessed one of the worst riots following the Babri demolition. Perceptive accounts underlined the role that the city's provincial business class would play in this violence. Diamond factory owners, for instance, were observed closing their factories and mobilising their workers during the riots (Engineer, 1994, p. 1360). Despite a significant loss in business activity in this period and calls for a return to peace and commerce, businessmen were now firmly with the BJP. A deep-seated anti-Muslim worldview had taken root. This has been well documented, such as in a report published in the India Today magazine, which stated how "The communal elements among the Hindus, consisting mainly of traders and professionals, believe this [the riots] was going to happen. One businessman said, 'Muslims will never dare to raise their heads in Surat now'" (Breman, 1993, p. 741).

In the aftermath of the violence, the BJP reassured businessmen about its commitment to their business interests. As a sign of this commitment, in the aftermath of the riots, Kanshiram Rana would lead a delegation of businessmen to Odisha to reassure workers who had fled the city that

[44] Interview with Anilbhai, Textile industrialist, 2 February 2022.

[45] Ibid.

no cases would be filed against them, even if they had taken part in the riots (Chandra, 1994). In the recollections of long-time political actors in the city, the riots decisively cemented the Hindutva turn in the political affiliations of the city's businessmen and in politics more broadly.[46]

Caste communities like the Ranas, Khatris and Patels, and the business owners amongst these social groups became loyal supporters of the BJP in the aftermath of this period of violence and communal polarisation (Engineer, 1994, p. 1352). As a result, during the 1995 Gujarat elections, the BJP won all four seats in the city, including the Patel-dominated Surat North seat, with over 50 per cent of the votes (IndiaVotes, n.d.). With the BJP's rise to power in the state, the city's businessmen also directly supported the BJP. This support ranged from financial assistance during elections to bankrolling various projects and activities of Hindu Nationalist organisations such as the Hindu Jagran Manch, Vishwa Hindu Parishad, and Bajrang Dal. In return, Kanshiram Rana and other local leaders in the BJP emerged as the go-to persons for the city's businesses, strongly influencing the police and the local administration.[47]

The rise of the BJP in Gujarat's politics and Surat reworked the close relationships between businessmen and a new set of political elites from the BJP. The political developments in the 1980s and 1990s indicated to the city's provincial business class that their informalised ways of conducting business, described in the first half of this chapter, would be protected by the BJP. This laid the initial brick in a lasting compact between the provincial business class and the Hindu Nationalists, sutured by affinities of worldview and mutual interests in profit and power.

5. Conclusion

This chapter has mapped the transformation of Surat's economic and political order between the 1950s and 1990s. The primary objective of this chapter has been to lay out a broad historical canvas that helps guide the discussion in subsequent chapters, which focuses on the economic

[46] Interview with Sanjay P., Politician, Surat, April 2022.

[47] Interview with Naushad D., Politician, Surat, 17 November 2022.

transformation and politics of the provincial business class since the 1990s. It highlights the three key features of the provincial business class and broader urban economic order. First is the informalised and small-scale nature of the urban economy that has engendered a culture of doing business in the city, which is deeply sceptical of government regulations and wholly dependent on informalised labour. Relatedly, the nature of capital and the city's business class is distinctly provincial and works around social structures like caste and ethnicity. This is explained by the longer historical arc of socialised capital, which emerged in the two clusters of the textiles and diamonds I map in this chapter.

Finally, when it comes to the political order of the city and the place of business in it, many of the aspects I have highlighted help to understand the antecedents of how the city's business class embeds itself in the city's politics in the contemporary period as well, whether it is in its forms of collective actions vis-à-vis the state, its close relations with the broader politics of caste and community, or in its proximity to the Hindu Nationalist BJP. These aspects are further unpacked, focusing on the period since the 1990s in the following chapters.

4

Accumulation to Diversification

The Many Pathways of Money from Diamonds to Real Estate

1. Introduction

If the previous chapter took a bird's eye view of Surat's evolving economic and political order, in this chapter, I take a granular approach to closely map the shifts in the city's economy since the 1990s and the trajectories that the provincial business class has taken in response to them. I do this by zooming in on the Saurashtra Patels. As discussed in the previous chapter, the Saurashtra Patels have dominated Surat's urban economy since the 1980s. They have also become one of the influential segments of the city's provincial business class, both socially and politically. In this chapter, I unpack how Patel business owners have forged dominance over the diamond cluster and, consequently, have diversified into new frontiers of accumulation, such as the real estate sector, since the turn of this century. This chapter thus answers the first research question: How has the provincial business class adapted to economic changes in fast-growing cities like Surat since the 1990s?

In exploring this question with a focus on the Saurashtra Patel business owners, I arrive at the conclusion that the key reason for the economic dominance and diversification of the Patels is the entwinement of capital and caste. Using case studies of Saurashtra Patel business owners operating in the city's diamond and real estate sectors, I explain how caste-community ties and capital have been co-constitutive. I show how the specificities of the diamond industry–informalised and dealing with a highly valued and easily portable commodity–have led to this close suturing of capital and community amongst the Patels.

While this story of economic dominance and diversification of provincial capital is traced from the 1960s onwards and in the diamond cluster, I also give greater attention to the period since the 1990s, when real estate emerged as the "new diamonds".[48] Tracing these connections between the worlds of diamonds and real estate helps to demonstrate how this socially embedded capital, as emergent in the diamond cluster, has flown into the city's real estate and land market via caste- and kinship-based networks. In the process, Saurashtra Patel business owners have diversified in the transforming urban economy and entrenched themselves in the city's political life. This last aspect is noticeable in their collusion with politicians and local bureaucrats, as is discussed towards the end of this chapter.

In making this argument, I draw on a body of scholarship that highlights the nexus between capital and social structures such as castes in South Asia's commercial life. This wide-ranging scholarship has conceptualised the relationship between capital and caste in various ways (Upadhya, 2023, pp. 76-91). From viewing caste or ethnic ties as a preexisting social hierarchy that has historically placed specific mercantile communities to engage in business and accumulate capital (Timberg, 2014; Tripathi, 1984; Damodaran, 2008), scholars have also pushed us to see the role of caste as a form of social network that has facilitated the accumulation processes for non-mercantile groups as well (Chari, 2004; Rutten, 1995; Upadhya, 1988; 1997).

[48] Interview with Vishal Patel, Builder, Surat, 17 February 2022.

Contributing to this scholarship, I show how an entwinement of caste and capital has been foundational to how provincial business owners from the Saurashtra Patel community have accumulated capital by drawing on their caste networks and relations. Unlike the scholarship published in the mid-1990s and early 2000s that centres examples of agrarian communities who have transitioned into urban capital-owning classes using their caste ties and networks forged in the rural countryside (Rutten, 1995; Upadhya, 1998), I showcase a predominantly urban story. I demonstrate how caste-based ties have emerged and entwined with capital in the context of the city's diamond industry, before moving into sectors such as real estate, which has been one of the most speculative and high-growth sectors in post-liberalisation urban India (Gooptu, 2015).

These findings resonate with recent research that underscores this co-constitutive relationship (Upadhya, 2023, pp. 85-86). The findings of this chapter can also be read alongside another body of recent scholarship focusing on the "real estate turn" in post-liberalisation India that explicitly studies the socially structured aspects of this turn. These studies have highlighted how specific caste communities in various regional contexts—like the Marathas in Maharashtra, Jats in Delhi, or Marwaris in Kolkata—have been able to manoeuvre and navigate their dominance in the real estate sector, grounded in this fusion of capital and caste (Balakrishnan, 2019; Pati, 2022; Sud, 2017; 2021).

The chapter is organised into two sections. In Section 2, I map the transition the Patels of Saurashtra made from being *kheduts* (farmers) to *karigars* (workers), eventually becoming owners of diamond processing units (also called *sheths*) and *udyogpatis* (industrialists). In doing so, I underscore how this community of former agriculturalists gradually built networks based on caste and kinship in the city, eventually dominating the diamond industry in Surat. After that, in Section 3, I map the new frontiers of accumulation that have opened up in the fast-transforming, urbanising Surat since the 2000s. Focusing on the city's real estate sector, I document how Saurashtra Patels have also come to dominate this industry. I show how diamond money travels through informalised networks and ebbs and flows, closely connecting the diamond industry to the real estate industry. I also point to the role of politics in all this, giving examples of collusion

between Patel builders and developers, politicians, and local bureaucrats in shaping the broader process of diversifying provincial capital.

2. Saurashtra Patels, Diamonds and the Forging of Capital & Community

Diamonds have been central to the story of the Saurashtra Patels in Surat. Extending the discussion in the previous chapter regarding the specific social character of the provincial business class in the city, this section details the coming together of capital and community, as seen through the emergence of the Saurashtra Patel diamond business owners. In mapping the transformation of the Saurashtra Patels from *kheduts* (farmers) to *hira karigars* (diamond workers) to *udyogpatis* (industrialists), I argue that the Patels' gradual takeover of the Surat diamond cluster has been built on the informalised and socially embedded nature of the diamond industry and their ability to engender intersecting networks of capital and community.

This section traces the gradual development of this fusion of capital and community by first discussing the shifts that Patels from Saurashtra made from being *karigars* (workers) to *sheths* (owners). After that, I explain how, despite the increasing volumes of diamonds being processed in Surat today and the rise of Patel *udyogpatis* (industrialists), the structure of the diamond industry remains deeply informal, socialised, and dominated by family-based firms, reinforcing the connections between capital and community.

From *Kheduts* (Farmers) to *Karigars* (Workers) to *Sheths* (Owners)

The story of the intertwined lives of Surat's diamond cluster and the Saurashtra Patels goes back to the late 1950s when many Kanbi Patels[49] entered the industry as diamond cutting and polishing workers. With the establishment of diamond processing units taking off from the 1960s onwards,

[49] Kanbi Patel refers to the Patels in various districts of Saurashtra, such as Amreli and Bhavnagar, who identified as Kanbis, predominantly signalling their agrarian roots as small farmers in these regions. Only in the 1980s did Patels start self-referring to themselves as Saurashtra Patels. This identity emerged with their involvement in the diamond industry and reflected a sense of social cohesion amongst Patels from Saurashtra (Engelshoven 2002).

a vast majority of workers in the diamond cluster were drawn from this community of former agriculturalists. By the end of the 1970s, nearly 70 per cent of workers belonged to the Kanbi Patel community (Kashyap and Tiwari 1984, p. M–100). Since Surat was previously home to a sizeable number of Kanbi Patel workers from Saurashtra working in the *jari* industry, some of these workers switched to diamond cutting and polishing in the initial years (Tiwari and Yagnik 2022, p. 30). With the diamond cluster's growth in the 1960s and 1970s, networks based on family ties or kinship ties were activated by workers who had migrated to Surat to bring in more working hands. This opened the doors for young Patel boys from Saurashtra to come to Surat (Breman 1996, pp. 66–67).

Two factors drove this migration of young Patel boys into the city's diamond industry. One was the issue of water scarcity and declining agricultural incomes in arid Saurashtra. The other was a protracted social conflict between Patels and Rajputs across the region. Historically, Patels across Saurashtra mainly were tenant farmers who farmed on lands that belonged to the Rajputs (Darbars), the dominant caste group in the numerous princely states of Saurashtra. Water scarcity was a perennial problem for those living in Saurashtra, and two episodes of drought in the 1960s and early 1970s pushed the Saurashtra Patels to move out of their villages and in search of jobs in cities like Rajkot, Ahmedabad or Surat. Patels from the districts of Bhavnagar and Amreli were the first to come to Surat. As one of my respondents, a Patel man in his 40s, explained, "People [like my father and his cousins] from those districts [like Amreli and Bhavnagar] which had acute shortages of water came to Surat first".[50]

Here, it is also worth noting that the Kanbi Patels were distinct from the Patels of central and northern Gujarat, who had historically owned fertile lands and emerged as a dominant social group by the early 20th century through a long process of political, economic, and social change.[51] Regarding the Kanbi Patels of Saurashtra, their sub-caste location and status were inferior to those

[50] Interview with Mukesh Patel, Former Diamond Trader, Surat, 24 November 2022.

[51] See Vinay Gidwani's work, *Capital Interrupted* (2008), maps the transformation of the community of Lewa Kanbis into Patidars in central Gujarat. Also, David Hardiman's *Peasant Nationalists of Kheda* (1981).

of Patels from Gujarat's northern and central parts. During the interviews, Patel respondents confessed that before they came to Surat and gained mobility through the diamond industry, they were viewed as the least marriageable amongst all Patels, a sign of their relatively lower social standing amongst the Patels of Gujarat.[52]

Added to this, Patels in Saurashtra found themselves engaged in a violent social struggle vis-à-vis the dominant Darbar caste community from the 1950s onwards. Following the end of colonial rule and the integration of Saurashtra into Gujarat by 1960, many changes swept across the region, shaking up its political, economic and social structures and intensifying a protracted period of social strife between the Patels and the Rajputs. Firstly, the numerous princely states–close to five hundred in number–were abolished, and the formerly dominant groups, the Rajputs (or Darbars, as they are also called), were now forced to negotiate their lost place in a newly independent India. Further, in the early 1950s, land reforms shook up the entrenched agrarian power relations across the region. The Indian government passed a slew of land-related regulations and acts in the early 1950s, such as the Saurashtra Land Reforms Act 1951 and the Saurashtra Estates Acquisition Act 1951, which aimed at abolishing the zamindari system and transferring lands to the tillers of the land, almost all of whom were the Kanbi Patel farmers in these regions (Sud, 2007, pp. 4-13).

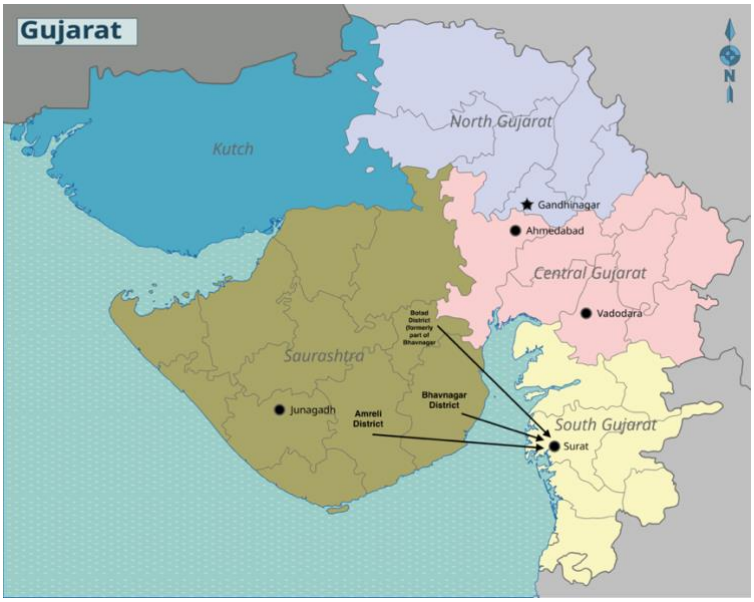
A consequence of these far-reaching changes in the agrarian countryside was the intensification of confrontation between the once-powerful, landowning Rajputs and the predominantly farming community of Kanbi Patels, who had become the prime beneficiaries of these reforms. Throughout this period, clashes between the Kanbi Patels and the Rajputs took place across Saurashtra (Engelshoven, 2002, p. 296). In addition to this social strife, Saurashtra was hit by two successive years of drought in 1968 and 1969 (Shewale and Kumar, 2005, p. 19). As these droughts hit agricultural incomes, more Patel boys came to Surat, transitioning from *khedut*s (farmers) to *hira-karigars* (diamond workers).

[52] Interview with Mukesh Patel, Former Diamond Trader, Surat, 24 November 2022.

Recounting his journey from Saurashtra to Surat in the late 1960s, Kantibhai, a former diamond polishing worker who is also a prominent political leader in the city, recounted how this migration and entry into the world of diamonds was initiated:

> *Hum khedut hain* [We are all farmers]. I came to Surat in 1968. I followed my two brothers, who were already in Surat. Someone in our village brought them to Surat a few years earlier. Our *watan* [native place] is Saurashtra, and *jila* [district] is Amreli. When I came to Surat, I was only 14 years old and joined the diamond industry as a *hira karigar* [diamond worker], working and staying in Mahidharpura. After getting some training for a few months, I joined work. Most people of my age from Saurashtra who you see today came to Surat like me during this period.[53]

Figure 4.1: Regions of Gujarat



Source: Wikipedia Commons (annotated by author)

[53] Interview with Kantibhai Balar, Businessman and MLA, Surat, 4 April 2022.

Owing to the distinctive nature of diamonds as a commodity–easily portable and highly valued–the diamond industry quickly coalesced around tight-knit social groups and networks of trust and references[54]. Patel workers actively tapped into their kin- and village-based networks to recruit workers. Hiring workers outside these known circles was discouraged by the *sheths* or diamond processing unit owners. A former diamond worker shared with me how, in some cases, he knew of workers who were Muslims but hid their identities and took up the Patel surname to get a job in the diamond units. To do this, they befriended a Patel worker, who introduced them as their relative from the village, and only based on this reference would the person be hired as a worker.[55] Notwithstanding such rare cases, the result of recruiting workers from this close-knit circle was that Patels went on to completely control the lower segments of the diamond cluster in the city, viz., the segment of cutting and polishing the diamonds by the 1970s.

The boom in the industry from the mid-1970s till the end of the 1980s catalysed the emerging stratum of Patel diamond *sheths*. While the Jains had historically operated the diamond processing units, the increase in the import of smaller-sized rough diamonds created enough work that Patels were now encouraged to set up their processing units. As discussed in the last chapter, setting up a diamond polishing unit was easy, as a diamond polishing and cutting unit typically consisted of a few wooden tables and polishing equipment. This was assembled in a rented room with a typical dimension between 10' x 8' and 15' x 8' (Kashyap and Tiwari, 1984, p. M–10). Further, a 1984 survey of diamond units in the city recorded that nearly 98 per cent of all the diamond units in Surat worked on a job-work basis (Pathak, 1984, p. 32). Each unit was sold or loaned a certain quantity of rough diamonds, which were polished and returned to the traders, who passed them along to the diamond markets in Bombay. Creating scores of small-scale units run by former Patel *karigars* became a helpful arrangement for the Jain diamond traders, who continued concentrating

[54] This was a feature of the diamond industry across the world. Within India, the diamond trade, centred around Bombay, for instance, was controlled by the Palanpuri Jains, while Hassidic Jews controlled the diamond markets of Antwerp, London and New York. (Snyder, 2020)

[55] Interview with Arvindbhai, Diamond worker, Surat, 5 March 2022.

on the trading segment in Surat and Bombay. Under this arrangement, the costs of operating the units remained low while the volume of diamonds being processed increased exponentially.

There was no fixed supply or contracts in place, with the trading of rough diamonds wholly dependent on trader-manufacturer relations. Often, Jain traders entered into special agreements with a fixed cohort of 25 to 30 processors, mostly Patels, with whom they had regular transactions. All such transactions across the cluster took place via informal advance arrangements of cash and using *chittis,* containing handwritten specifications relating to a diamond, its weight, and value, along with the date it would be delivered. These were not legally enforceable but were socially regulated and enforced. If someone were found cheating, the entire network of processors and traders would come to know of this and block this person from conducting any future business.[56]

Patel diamond processing owners also collaborated to buy or loan out rough diamonds in considerable quantities before selling them back to the traders. Alluding to the similarities between the diamond industry and the "*satta bazaar"* or stock market, a former diamond trader explained that the "Patels showed risk-appetite and cooperation" and made huge gains by holding on to diamonds before reselling them to the intermediaries and the traders at higher prices. Pointing to the year 1979 when there was a slowdown in the diamond market, he explained how, in this period of *mandi* (slowdown), many Patel diamond processing unit owners kept buying rough diamonds despite the slump and building up of their stocks that went unsold. However, once the market picked up, in a year, these Patel diamond processing unit owners and traders sitting on large stocks of processed diamonds now made windfall gains.[57]

This emergent crop of Patel diamond processing unit owners also took advantage of their contacts in Saurashtra, where the diamonds could be processed at even cheaper rates using family labour. This gave them a further comparative advantage. Typically, Patel families with connections to the world of diamonds had family members living in Surat and districts like Amreli and Bhavnagar in

[56] Interview with Sharad K, Former Diamond Trader, Surat, 10 March 2022.

[57] Ibid.

Saurashtra. While a few members stayed in Surat and liaised with the traders, others stayed back in the villages to run the diamond units, often engaging family labour, including women and children, as Jayantbhai Patel, a second-generation diamond trader in Amreli district in Saurashtra, would share.[58] From the mid-1970s onwards, several diamond units were set up across districts like Amreli and Bhavnagar. In Bhavnagar, for example, it was estimated that there were nearly 3000 units run by Patel owners in the 1980s (Pathak, 1984, p. 25). Thus, the 1970s and 1980s saw the Patels achieving socio-economic mobility at an unprecedented scale as many transitioned from *karigars* (workers) to *sheths* (owners).

Eventually, Patel diamond business owners also started to enter the trading of diamonds on the backs of their success in the cutting and polishing segment. The early pioneers amongst the processing unit owners, as well as those who tasted business success, saw an opportunity and set up offices in Bombay and even Antwerp—where the Palanpuri Jains had already set up their offices from the 1950s onwards (Damodaran, 2008, pp. 29–31)—to source rough diamonds directly. For example, Govind Dholakia, one of the prominent diamond barons in the city, narrates how he made this transition,

> The diamond business works on reference, so I had to go to Antwerp with a sound reference. I spoke to Rameshbhai Raj Kapoor. He readily agreed to accompany me to Antwerp but demanded a 3 per cent commission on the business. I saw no problem with that. Later, I discussed the matter with Shantibhai and Navinbhai in Bombay, and they not only endorsed my idea of starting a business in Antwerp but also offered a 50 per cent partnership. (Tiwari and Yagnik, 2022, p. 71)

"References" played a big part in allowing the Saurashtra Patels to enter the trading world. All my respondents who are associated with the diamond cluster shared how a member of their immediate or extended family introduced them to the diamond traders in either Bombay or Antwerp. It was next to impossible for anyone outside, without having references of caste and kinship, to enter the

[58] Interview with Jayantbhai Patel, Diamond Trader, Amreli, 27 November 2022.

diamond industry, either as a worker, a processing unit owner or a trader. References ensured Patels did business amongst themselves, further deepening the capital-community combine. This was also reinforced through lending practices in the industry. Since access to formal banking institutions to raise capital was highly limited because of the informalised ways of functioning, family connections could be relied upon to pool money and buy rough diamonds on loans based on "trust" and "references".[59] By the early 1990s, with these deepening community-based networks, informal capital, and a high-risk strategy of speculation and hoarding, a significant number of Patel diamond workers transitioned into traders and eventually exporters and *udyogpatis* (industrialists), as the community became the mainstay of the diamond industry.

The Continued Entwinement of Capital & Community

With the opening up of the Indian economy to global trade in the 1990s, the volume of diamonds being processed and exported from Surat increased, leading to the diamond industry's continued expansion. The total value of diamonds exported from India, primarily processed in Surat, increased from US$ 7,511 million in 1999-2000 to US$19,667 million in 2007-08 (Hirway, 2009, p. 5). With the liberalisation of trade relations and imports, diamond-cutting machines also started to be imported from companies like the Israel-based Sarin group. These moves increased the processing volumes as large-scale diamond-cutting and polishing factories specialised in cutting higher-grade diamonds gradually emerged.[60] Many Patel business owners also received the coveted Diamond Trading Company's sight-holder status (Gidron, 2005). They now entered the international circuit of the diamond trade, which the Palanpuri Jains monopolised. With greater access to rough diamonds secured, many Surat-based Patel diamond processors emerged as *udyogpatis* (industrialists), opening large diamond processing factories in Surat and exporting more significant volumes of higher-valued diamonds to the international market.

[59] Interview with Girish B., Varacha Co-operative Bank BoD Member, Surat, 5 April 2022.

[60] Interview with Praveen Goti, PRO at diamond manufacturing company, Surat, 5 April 2022.

Despite the increasing scale and value of the diamond industry, marked by the growth of prominent diamond industrialists in the city, the deeply socialised nature of capital, as embedded in community-based circuits of exchange and transactions, has persisted. The deeply social and informalised structures of conducting business have remained in place when it comes to the heart of the diamond industry: the buying and selling of diamonds. Even today, the buying and selling of roughs continue to be regulated through caste- and kinship-based networks amongst the Saurashtra Patels. Mukesh Patel, a former diamond trader in the city's Mini Bazaar area, explained this to me. He told me that Surat's diamond industry has no practice of legally enforceable contracts. As he explained to me, pointing to the row of traders and commission agents who line up on the roads around the primary diamond market,

> Everyone knows each other here, and the only way to get into this trade is by getting to know someone from the market who can give you a reference. Trust is vital to the success of this industry and the circulation of such precious stones worth thousands of crores.[61]

Similarly, the practices of advancing loans have remained tied to the networks of the community, with processing unit owners and traders approaching "trusted" sources who extend credit to them. While formal banking institutions started to advance loans and other banking services from the 2000s onwards, diamond firms and traders, big and small, still prefer to raise money and work on a financial system that is regulated privately via channels that the tax authorities cannot track. Thus, the preferred method of raising capital was through a network of moneylenders from the *samaj* (community), who could be trusted, even though the interest rates for these loans were higher than the market rates.[62]

Survey-based studies also confirm this pattern of lending in the diamond industry. For instance, a survey of diamond firms conducted in 2009 found that out of 34 firms surveyed, 30 firms only dealt in cash (Hirway, 2009, p. 30). Similarly, in another study conducted by a Task Force

[61] Interview with Mukesh Patel, Former Diamond Trader, Surat, 24 November 2022.

[62] Interview with Girish B., Varacha Co-operative Bank BoD Member, Surat, 5 April 2022.

constituted by the Reserve Bank of India (RBI) in 2009, it was found that only 210 million Indian rupees worth of loans were extended by the four major commercial banks (like the Bank of Baroda, State Bank of India, Bank of India, DENA Bank and SIDBI). Further, these loans were forwarded to only 85 units, as against an estimated total of more than 6500 units in the state, most of which are in Surat (RBI, 2009, pp. 11–12).

More recently, efforts have been made by the Surat Diamond Association to adopt formal management and business practices to access formal credit markets. However, a diamond businessperson and director of one of the biggest co-operative banks in the city explained that following the bank defaults of some of India's most prominent diamond traders like Nirav Modi and Mehul Choksi,[63] commercial banks reverted to extremely stringent measures regarding loans to the diamond industry.[64] A former banker would also bluntly write, "If there is any industry that is unfit for modern corporate form, it is this [the diamond industry]" (Muralidharan, 2018).

Using cash and informal, trust-based agreements based on chits of paper (*chittis*) has continued to persist in the diamond cluster, especially amongst smaller and medium-sized traders and processors. There is a semblance of formal corporate structures for the big diamond businesses, as they operate in the international market or out of the Surat Special Economic Zones (SurSEZ) set up in 2000, making various forms of compliance mandatory.[65] However, the internal workings of these firms and deals struck behind closed doors continue to be shaped by references and familial ties. Surat's big diamond processing and export companies remain family businesses, preferring to hire Patels as managers and mid-level factory staff. Based on data from the Ministry of Corporate Affairs, an analysis of ten prominent diamond firms in Surat shows that all of them are registered as Private Limited Companies whose directorships are held by family members. For

[63] Nirav Modi and Mehul Choksi, owners of large diamond trading and jewellery firms, were involved in multimillion-dollar scams. Between 2011 and 2016, they defaulted on loans from the Punjab National Bank. After being accused of forgery and producing fake invoices to siphon off loans worth 14000 crores, the two fled India in 2018 (PTI, 2022b).

[64] Interview with Girish B., Varacha Co-operative Bank BoD Member, Surat, 5 April 2022.

[65] Interview with Prabhat N., GJEPC-Surat official, Surat, 2 December 2021.

example, the organisational structure and workings of Shree Ramakrishna (SRK) Export Private Limited indicates how these big diamond exporting companies are run, centred around the family.

The SRK group is one of the biggest diamond exporters in India. It is based out of Surat and has offices in the United States, Belgium, China, Hong Kong, and Israel. Officially, it has an annual turnover of over US$ 1.2 billion. According to details shared with the authors of a report on this group, the company's control is firmly in the hands of the Dholakias and its extended family. For example, the 8-member Board of Directors of the company consists only of family members, including Govind Dholakia, his wife, son, elder brother, sister's husband and three nephews. Moreover, when discussing hiring practices, a senior family member is quoted as saying, "We prefer Patels and more so from our villages. Though, we do look for a good reference before hiring anyone" (Joshi, 2020, p. 83).

As the family group has expanded and diversified, different companies are now headed by various family members, as I was informed in an interview with a member of the extended family. This person told me how he was first trained in the diamond industry in Surat under the supervision of his uncle. Later, he was sent to manage the retail offices of the SRK group in the United States before returning and taking control of the solar power manufacturing company that the family business started a few years ago. Stressing the role of the family, especially in the diamond industry, he told me that,

> Family or people with whom we have relations are trusted, which is vital in this business [of diamonds]. Otherwise, there is a high chance of fraud. Plus, being from the family and the community helps to adjust to the hardworking culture of the company, in comparison to someone from outside.[66]

This "trust-building process" is secured via marriages within the Saurashtra Patel community. Marriages amongst Patel diamond business families, big and small, have been a critical basis on

[66] Interview with Chirag D., Businessman, Surat, 1 March 2022.

which kinship and caste-based ties are maintained. These marriages amongst Patel families associated with the diamond cluster have created overlapping networks of family and business, through which the Patels have ensured their quasi-monopoly over the diamond industry in Surat. Throughout my interviews, it was clear that familial ties existed between most of the diamond business owner respondents I was speaking to. This was because Patels rarely marry outside their sub-caste. Often, marriages take place amongst Patel diamond business families living in Surat and Mumbai, as well as Patel families operating from diamond trading hubs like Antwerp and Dubai.

The unpublished report on the Dholakia family notes an interesting aspect of marriages and how they take place. Describing the "matrimony system", the report mentions that,

> When a family member reaches marriageable age, exercise begins to seek the right life partner. It is not very difficult for a joint family of more than 900 to locate an appropriate partner from within a family of numerous in-laws. The communication department in SRK Exports at Surat keeps collecting and collating data of prospective youths from within the family and from families of all in-laws. The data collected with high-resolution photographs is then circulated to prospective candidates for matchmaking. It remains the choice of parents to utilise these services. Until now, there have been no incidents of inter-caste, inter-religion or love marriages in the family. (Joshi, 2020, p. 144)

This is not an exception, as this pattern of marriages taking place within tightly wound circles of business and caste has also been documented in Kaivan Munshi's (2011) study. Based on a large-scale survey of 800 diamond business owners conducted in 2004 in Mumbai and with a focus on the three community groups operating in the diamond industry in Mumbai—Jains, Marwaris and the Saurashtra Patels—the study finds that owing to the risky nature of the diamond business, 57 per cent of all the respondents or their children reported having married someone from the diamond industry. Importantly and relevant to this discussion, the frequency of intra-industry marriages amongst the Saurashtra Patels was higher than in the other two communities, with over

50 per cent of Patel respondents marrying within the industry qua caste. Therefore, as Munshi argues, these dense webs of marriage-based ties formed over time and across Surat, Mumbai, and other diamond centres have smoothened information flows amongst the Patels and potentially reduced commitment problems (Munshi, 2011, p. 1071).

Caste- and kinship-based networks thus continue to act as pivots around which the diamond industry works. These also act as barriers for non-Patels, making the Patels the dominant social group in the cluster. On being asked why only the Patels could succeed in breaking into the diamond industry, the typical response was that the Patels had become successful in the diamond industry because they were "hard workers" and "risk takers". Other business-related communities in the city, like the Khatris, could not work as hard as the Patels, formerly *kheduts* (farmers). Hence, they could not take advantage of the diamond industry's growth. Patels were also viewed as "naturally trustworthy", as I was often reminded.[67] However, as this section has demonstrated, underlying such narratives lies a highly productive but exclusionary kinship- and caste-embedded network through which capital and community closely combine, allowing for the near monopolisation of the Surat diamond cluster by the Saurashtra Patels.

This entwinement of capital with community has also allowed them to take advantage of new opportunities for accumulation that have opened in the city, most visibly in the land and real estate market since the 2000s. In other parts of India, scholars have also underlined how existing property relations and social structures like caste have helped dominant social groups to take advantage of newer opportunities, especially in the real estate sector (Balakrishnan, 2019; Pati, 2022; Sud, 2017; 2021). While shifting focus to this aspect of Surat's real estate sector and the dominance of the Patels in the next part of this chapter, this preceding discussion then helps to understand the origins and workings of this socially embedded and networked capital in the diamond industry that has been foundational to the Patel business elites' diversification and resultant socio-economic ascendance in the city.

[67] Interview with Praveen M., Diamond Businessowner, Surat, 9 February 2022.

3. From Diamonds to Real Estate

Since the 1990s, Saurashtra Patels, especially business owners in the community, have ventured into different industries and sectors of the urban economy, including embroidery, power looms, education, chemicals, green energy, and hospitals. This has reflected a pattern seen in other parts of Gujarat as well, where Patels have moved into some of the high-growth sectors in Gujarat's economy from the 1990s, with real estate being a prominent example. For instance, in the major cities in Gujarat, "more than 30 per cent of top builders and real estate players are Patels, and some of them are politicians, including BJP MLAs" (Jaffrelot, 2016, p. 219). In Surat, the Saurashtra Patel business owners with connections to the diamond industry have primarily forayed into real estate and the city's land market. They use the money generated from the diamond business and route it into these new frontiers of accumulation.

This section then explains how the Patels have ended up cornering the city's land and real estate market, which underwent a boom from the 1990s. I argue that this is explained primarily by the nature of diamond money and its flow into the city's land market and real estate sector. The existing socio-economic infrastructure of informalised and socially embedded capital that circulates in the diamond industry—as discussed in the previous section—has been a key reason for the Saurashtra Patels' dominance in the real estate sector in the city as well, with the land and real estate sector being easily absorbent of money that is unregulated and moves along socially networked, and informalised, channels.

In mapping this diversification process, I also underline how this has been aided by the visible hand of politics. The rise of Saurashtra Patel builders and developers has also come to symbolise their growing social and political stature in the city, as manifest in their involvement in several high-profile cases of land grabs in the city and their publicly demonstrated closeness to political elites, which has facilitated this diversification from diamonds to real estate. Diversification has thus signalled the entrenchment of the Patel business elites in the city's political life. This is demonstrated through the example of the proposed DREAM (Diamond Research and Mercantile)

City and the building of the Surat Diamond Bourse, which I highlight towards the end of this section.

The Real Estate Turn in Surat's Urban Economy

Following the enormous expansion of the diamond industry, the city's boundaries expanded from 33.8 sq. km to 111.16 sq. km between 1971 and 1991 (SMC, 2020), with the city's population growing fourfold. Many of those who came into the city were the Patels, who settled in the northeastern parts of Surat. Local Surtis demarcated these areas beyond the railway station as "mini-Saurashtra". These areas where the Patels had come to live, such as Katargram and Varachha, bustled with construction activity as Patels settled down permanently in the city. Describing this period of changing demand for land and housing in the 1990s, Jiteshbhai, a prominent Patel political leader, writes, "In the 1990s, buying prefabricated houses started. As this model evolved, selling single houses, row houses, low-rise flats, shopping centres for shops, commercial buildings only, industrial open plots and sheds gained momentum" (Jiteshbhai, 2021, p. 114).

These developments provided the first wave of opportunities for Patel builders and sparked off a period of buying land or apartments amongst the Patels in the 1980s and 1990s. A second-generation Patel real estate developer described how social cohesion amongst the Patels, as enforced in housing societies, benefited business novices like his father, who established a construction company in the late 1980s after leaving the diamond industry where he worked as a commission agent. According to him,

> Housing society values depend on ensuring that there are only Saurashtra Patels in the society. If there are members of another community, unfortunately, the property values go down. This is why most properties on Varacha Road and beyond [in the

> city's northeast] are entirely occupied by Patidars. This is also why people like my father could enter the real estate business.[68]

Parallelly, the development of the Hazira petrochemical and port complex led to a sudden increase in the value of the city's real estate and land markets by the end of the 1990s. The development of Hazira, a small fishing village on the seacoast close to the city, was identified by the Gujarat government for its location and developed as a major industrial zone with an oil refinery in the mid-1980s. After taking some time to take off, the Hazira complex expanded substantially from the mid-1990s onwards as big industrial conglomerates and public sector units like KRIBHCO, Reliance, Essar, L&T, and ONGC set up large industrial units and oil refineries. This brought a wave of white-collar workers into the city, with the western fringes, closely linked to the Hazira complex, starting to develop. A builder, Sanjeev M., who joined the real estate sector in the early 1990s, explained, "The real estate sector in Surat shot up from the 1990s. Many people came to work in Surat for the companies that had set up their factories and offices in Hazira. Property rates and land rates started to go up a lot after Hazira took off".[69]

Changes to land policies by successive Gujarat governments since the 1980s also played a critical role in the real estate turn in Surat and Gujarat, more widely from the 1990s onwards. While the Gujarat government led by Congress in the 1980s had signalled a shift in land policies, by the mid-1990s, the newly elected BJP government passed a slew of land liberalisation policies (Sud, 2007a, 2012). Specific policy decisions in the 1990s and early 2000s catalysed the real estate sector and land markets in cities across Gujarat. For example, one of the first decisions of the newly elected BJP government in 1995, led by Keshubhai Patel, a Patel strongman with deep roots in Saurashtra, was to do away with the 8-kilometre rule. This rule was established to regulate those who could buy agricultural land and mandated that any person buying agricultural land had to reside within 8 kilometres of that plot of land. With this rule's removal, agricultural land lying on the outskirts of cities in Gujarat became easy to buy, receiving support from elite socio-economic groups who

[68] Interview with Hitesh Patel, Surat, 3 December 2022.

[69] Interview with Sanjeev M., Surat, 16 February 2022.

wanted to take over land without these restrictions. Similarly, amendments were made to the Bombay Rent Control Act (1947) in 2001. These amendments allowed owners of properties for rent to be exempted from the provisions of this Act for ten years, providing an incentive for builders to tap into the rental market in cities (Dholakia, 2002, p. 15).

With the rise of Narendra Modi, the Gujarat government implemented policies that furthered this elite-driven model of urbanisation and gentrification across cities in Gujarat. Between 2001 and 2013, a range of measures and policies were implemented. This included the new Gujarat Urban Development Mission in 2006 and the 70 billion rupees ($875 million) Swarnim Jayanti Mukhya Mantri Shaheri Vikas Yojana (Chief Minister's Gujarat Urban Development Mission) "for providing basic infrastructure in cities and towns" (Jaffrelot, 2024, p. 218). This period also saw the active encouragement of the Modi government in making Gujarat's cities slum-free by "redeveloping" slums and "rehabilitating" slum residents under the Regulations for the Rehabilitation and. Redevelopment of the Slums, 2010. In Surat, this led to gentrification whereby private developers, often politically connected, won tenders to build low-income group housing estates. Since the cleared slums were located in the city's commercially lucrative areas, the new housing estates for the urban poor were built far from them, in the city's margins.[70]

Surat's urban growth was reflective of a broader all-India urban story where the "thrust toward the commodification of urban space…rendered land – including both 'slum' areas and land on the periphery of cities – the subject of a great deal of contestation and political manoeuvring…" (Shatkin, 2013, pp. 8–9). Such dynamics were also unleashed in Surat, catalysed by the land rush and the rise of influential, locally entrenched builders and real estate companies, most of which are owned by Saurashtra Patels. The informalised and cash-heavy nature of the land and real estate market helped foster the links between the worlds of diamonds and real estate in the city.

[70] Interview with Shaheen, Advocate, Surat, 21 November 2022.

The Many Paths of (Diamond) Money

With real estate as the new frontier for accumulation in the city, Surat's land market and real estate sector have been infused by the inflow of money from the city's diamond industry. Consequently, prominent real estate groups in the city that have emerged since the 2000s are majorly owned by Patel businessmen with strong ties to the diamond industry (Table 4.1). While builders from other communities like the Marwaris or Jains also exist, the dominance of the Patels has been pronounced, built on the close links between the city's real estate and diamond sectors. This is because money (largely unregulated) has moved from the world of diamonds to real estate, taking multiple routes. These routes have ranged from buying land and setting up real estate companies by diamond business owners to routing diamond money via developers,[71] as I explore below.

Table 4.1: Top Builders in Surat and their Caste/Community Background

No.	Group	Caste/Community
1.	Rajhans Realty	Jain
2.	Sangini Group	Saurashtra Patel
3.	Madhav Group	Khatri
4.	Gopin Griup	Saurashtra Patel
5.	Raghuvir Builders	Saurashtra Patel
6.	Laxmi Developers	Saurashtra Patel
7.	DMD Developers	Saurashtra Patel
8.	Piramyd Group	Saurashtra Patel
9.	Hindva	Saurashtra Patel
10.	Synergy Group	Marwari

Source: Author

[71] Developers are aggregators who bring landowners, investors, builders and contractors to develop a real estate project.

Several real estate builders in the city today started as diamond traders or processing unit owners before switching to real estate in the 2000s. Take the example of Vasant Patel (name changed), a Saurashtra Patel businessman from Amreli district, who came to Surat in the late 1960s to join the diamond cluster as a cutting and polishing worker. By the early 1980s, he had set up a diamond company with his three brothers. This company expanded throughout the 1980s, riding the boom in diamonds during this period, as discussed above. In the mid-1990s, Mr Patel encouraged his family members in Amreli to start processing diamonds, sending rough diamonds between Surat and Amreli.[72] With the profits generated from the diamond industry, Vasant Patel began to invest in buying land in the villages on the peri-urban outskirts of Surat, following the changes to the land-related laws in the 1990s. Speaking to Vishal, his elder son, he explained to me how his father entered the world of real estate:

> We are farmers, and therefore, we are attached to the land. My father bought a lot of land in the 1990s when his diamond business flourished. These lands were purchased out of habit, not to develop them. However, after we saw the boom in real estate and property prices, my father realised that this was where we should diversify.[73]

Vishal said these lands had become the "new diamonds" as the city expanded. His family concentrated mainly on the growing demand for privately developed commercial properties, like textile markets and shopping zones. While continuing to run the diamond processing and export company, Vasant Patel now pooled capital from family and friends in the diamond industry to invest in developing such commercial properties. For instance, after buying up prime property in the heart of the city, which was earlier one of the largest slums in Surat, his father developed it into one of the city's largest textile markets. This market was developed over five years and eventually opened in 2005. According to Vishal, no one else would have been able to undertake this project as his father had the financial standing and the community's support, most of whom were associated with the diamond industry in Surat. His uncle was also a prominent member of

[72] Interview with Vishal Patel, Builder, Surat, 17 February 2022.

[73] Ibid.

the Patel community and a two-time MLA from the BJP. These "contacts" helped make this project successful and make their diversification into real estate development permanent.[74]

Other prominent builders in the city also followed a similar trajectory. This includes the Hindva group, which the Kheni family, a prominent Patel business family, runs. The Hindva group is a family-run conglomerate with businesses in diamonds, real estate, education, hospitality and IT services, but is most well-known for its real estate company. Like the example of Vasant Patel, the Khenis moved into the real estate sector in the 2000s, incorporating the real estate company (Hindva Builders) in 2005. The start of a real estate company was once again seen as a means of diversifying from diamonds into this new frontier of accumulation, as the family-run group first bought land in the city's outskirts before starting a full-fledged real estate company, which has since built several luxury housing complexes, shopping malls and textile markets in the city. One of their marquee projects involved building the World Hotel, a 320-room hotel in Surat. Interestingly, each room was sold separately to individual investors, mostly Patels, who earned an income from the profits made from the hotel bookings (Charania, 2016, pp. 85–88).

If the above instances of directly setting up real estate companies have been one of the prevalent pathways through which diamond money has flowed into the real estate sector, another route has been the buying of peri-urban land in Surat's outskirts. A local journalist in the city who now closely works with real estate builders, Nikunj, narrated to me that, "With the money earned from diamonds, the Saurashtra Patidar community started to create 'land banks', especially in the villages adjacent to the Varacha area [the heart of the diamond cluster] over the last two decades."[75] The easy access to liquid capital–readily available and transferable money–was readily used by the Patel diamond business owners to build up land banks in Surat and Saurashtra. Utilising the intertwined financial and social networks in the diamond cluster, business owners pooled money to invest jointly into buying up land. Further, since buying agricultural land had become easy after 1995 with

[74] Interview with Vishal Patel, Builder, Surat, 17 February 2022.

[75] Interview with Nikunj, Surat, 3 March 2022.

the removal of the 8-kilometre rule by the Keshubhai Patel government, as explained above, this pattern intensified from the late 2000s onwards.

The social and commercial networks formed in the diamond industry were foundational in these transitions. In many cases, I was told that land or real estate properties were bought and sold not through the actual transfer of money but by adjusting the diamonds being bought and sold between friends and business associates.[76] Prafulbhai, a builder, explained to me that,

> Sometimes, three or four friends or business associates engaged in the diamond business would make a joint investment by buying a plot of land. Now, if one friend were short on capital, another would pay his share and adjust it later via diamond-related transactions. In most such cases, the persons involved had to be well known to one another because all these transactions took place verbally and not based on any legal agreement.[77]

Diamonds doubled up as currency, secured by kinship- and caste-based ties as security. The actual money transfers between diamonds and real estate took the form of *hawala* transactions. *Hawala* transactions are a form of money transfer where "cash changes hands" at every point of the transactional chain, and "payments often get distributed or combined with partial settlements across various exchanges" and involve different formal and informal financial instruments like post-dated cheques, indigenous bills of credit or promissory notes (Saraf, 2022, p. 516). It is, therefore, a form of money transfer that is unregulated by the tax authorities and moves via illegal routes.

In India, real estate has been a prominent sector where such forms of *hawala* transactions and "black money" (unregulated and undeclared money) have found their way into it (Gandhi & Walton, 2012; Kapur & Vaishnav, 2011). Hence, with a large amount of money and the social infrastructures to circulate it in the diamond industry, the diamond business owners used the city's

[76] Interview with Praful Patel, Builder, Surat, 28 April 2022.

[77] Ibid.

real estate properties and land to "park their money".[78] To facilitate this, developers like Jayesh Patel pooled money from diamond business owners to buy land, engage builders, and develop real estate properties in the city, avoiding any "*Sarkari lafda"* [government trouble].[79]

Conversely, remaining outside the state's regulative view, these transactions in the city's land and real estate market have instead been regulated by deeply embedded caste and kinship networks amongst the Patels. In a study conducted by Sunil Kumar (2001), documenting how the real estate market operates in Surat, he found that the relationship between the seller of land and the developer is almost always based on prior social relations. They belong to the same community or sub-caste or come from the same region or village in Saurashtra. The study found that in finding potential buyers, "tightly knit ethnic affiliations and political patronage" are tapped into to facilitate the development of these plots of land (Kumar, 2001, pp. 433–434).

Over the last fifteen years, this movement of diamond money has become more common and further solidified the connections between diamond money and real estate. The origins of this lie in the 2008 financial crisis, which had a knock-on effect on Surat's urban economy. Here was a development in which "Wall Street moved Varacha Road", as an Income Tax official put it.[80] Briefly, in the aftermath of the stock market crash and the resultant slowdown in the US economy, leading to a collapse of demand for diamonds, the diamond industry in Surat went into a recession between 2008 and 2010. Several diamond units in Surat were closed as workers were left without work for months, and earnings of diamond traders and manufacturers declined by over 50 per cent during this crisis period in Surat's diamond industry (Hirway, 2009, p. 32).

In this period of *mandi* (slowdown) and uncertainty in the diamond industry, large amounts of money now flowed into the city's real estate sector as diamond business owners saw the city's land and real estate market as a more lucrative way of making money. Between the years 2009-2014,

[78] Interview with Suraj S., IRS Official, Surat, 1 December 2022.

[79] Interview with Jayesh Patel, Real Estate Developer, Surat, 3 April 2022.

[80] Interview with Suraj S., IRS Official, Surat, 1 December 2022.

there was a significant increase in money flowing into Surat's real estate market, as was evident in the hectic construction of luxury apartments and commercial properties along Surat's southern fringes, such as City Light and Vesu, which came to be considered the most upscale parts of the city in this period.[81]

More recently, another development that has led to an increased flow of money from diamonds to real estate has been following the announcement of demonetisation in November 2016. Following Narendra Modi's abrupt announcement of this policy whereby existing 500- and 1000-rupee Indian currency denominations were declared void, Surat witnessed heightened movements of cash. As a tax official shared, using the informal conduits and channels operating in the diamond industry, money quickly flowed into the real estate market in the city, with diamond barons and traders buying up luxury apartments across the newly expanding areas of Surat in this period.[82] While the announcement of the government, made with much fanfare, was seen as a strike against black money and corruption, I found out through many respondents that it ended up creating a boom in Surat's real estate market via the undeclared cash that flowed in from the diamond industry. Sanjeev M., a builder and an official with the builders' body, when asked how demonetisation had affected the real estate sector in the city, explained that

> Instead of a downturn in the market, in the immediate months after demonetisation, a lot of money came in from the diamond industry and the Patel community. As they had a lot of liquidity [undeclared cash], they bought luxury flats and plots of land all over Surat.[83]

I heard of such examples from other unexpected quarters as well. Arvindbhai, a veteran diamond worker, shared how, in the weeks after demonetisation, the *sheth* for whom he worked deposited a large sum of money in his bank account and registered a flat in his name. He told me that, instead of receiving a salary, Arvindbhai was expected to deposit fifteen thousand rupees from the amount

[81] Interview with Suraj S., IRS Official, Surat, 1 December 2022.

[82] Ibid.

[83] Interview with Sanjeev M., Surat, 16 February 2022.

deposited in his account every month. As for the flat, he said that while the *sheth* had made him sign certain documents, he did not know where this property was located, nor was he given any papers.[84]

An investigative report on the real estate boom in Gujarat following demonetisation also confirms this trend. Based on data from the office of the Inspector General of Registration and Superintendent of Stamps, Government of Gujarat, tracking property transactions, it was found that following a sharp slump in November-December 2016, Surat's real estate sales rebounded by over 200 per cent in December 2016. Consequently, Surat recorded the highest number of such transactions in Gujarat in 2017, recording 1,19,652 real estate transactions, 29 per cent more than in Ahmedabad (Nair, 2017). Further, between 2016-17, the number of shell companies (fictitious companies formed to launder money) increased rapidly in Surat, with the city described as the new capital of shell firms. This was revealed in an Income Tax Department investigation looking into the abrupt rise in the incorporation of shell companies, where large money deposits were made immediately following the demonetisation announcement. Then, an equal amount of money was withdrawn in legal tender in a few months. Of the 2138 shell firms identified, 80 per cent were registered in Surat (Choudhary, 2017). Another piece of evidence of a dynamic, socially regulated, and illegal infrastructure in Surat, allowing money, mostly undeclared and unregulated, to flow from diamonds to land and real estate.

Thus, in the backdrop of the real estate turn in the city from the 2000s, money flowed from diamonds to real estate via multiple routes, in forms both legal and (mostly) illegal, and cycles, responding to the ebbs and flows in the economic situation in the diamond industry and real estate sectors. The consequence has been that the Patel business owners, directly or indirectly linked to the cash-rich diamond industry, have taken advantage of these new opportunities and diversified into real estate. This explains the preponderance of a numerically significant stratum of Patel builders, developers, and land owners in Surat today. The social infrastructure of caste and kinship ties that make business tick in the diamond industry has made such money flows possible, allowing

[84] Interview with Arvindbhai, Diamond worker, Surat, 4 March 2022.

money to move smoothly from diamonds to real estate, further reinforcing the fusion of capital and community. Abetting these money flows and diversification amongst the Patel businesses has also been the hand of politics, marked by the Patel business owners' collusions with the political and bureaucratic class in the city, as I discuss in the next section.

Diversification as Dominance

Numerous studies highlight the profoundly political nature of India's land and real estate sector (Balakrishnan, 2019; Harriss-White & Michelutti, 2019; Kapur & Vaishnav, 2018; Sud, 2021). For example, Barbara Harriss-White and Lucia Michelutti (2019) note in their edited volume on the criminal political economies in South Asia: "Land and property transactions [have] opened up new career paths that required the capacity to handle coercion, manage extra-legal activities and, most importantly, play 'the game of politics'" (Harriss-White & Michelutti, 2019, p. 18). This "game of politics" plays out at different scales and across the formal-informal zones of the political. From the funding of political parties and politicians to quid pro quo relations among local bureaucrats, politicians, and builders, there are a range of ways in which the visible hand of politics plays a role in the real estate sector in India.

A consequence of the Saurashtra Patels' diversification from diamonds to real estate has been their further entrenchment in the city's "game of politics". In pursuit of profits from land and real estate, Patel business owners have established close relationships with the city's political and bureaucratic elites, enabling them to capitalise on the city's real estate opportunities, often secretly. Patels have developed a reputation for being "land sharks" who take over land from local communities in Surat, often using coercion or manipulation and side-stepping laws and regulations.[85] Some prominent Patel businessmen in the city with interests in diamonds and real estate have been implicated and even jailed in land grab cases, crediting these narratives that I often encountered in my interviews. A local reporter sharing how the city's expansion into the peri-urban and predominantly rural areas around Surat was taking place emphatically claimed that "[Saurashtra

[85] Interview with Bimal Patel, Local resident, Surat, 23 November 2021.

Patels], by hook or crook, will end up getting the plot of land if they want it. *Mare hue ko bhi zinda kar denge, zameen k liye*! [they will turn the dead into living for land]".[86]

Land grabbing has become so prevalent in Surat that the Gujarat High Court, in a judgement in 2015, called the city "a paradise of land mafia" (Pardiwala, 2015). Further, delivering the judgement on a case of alleged land grabbing in Surat involving two Saurashtra Patel builders who had surreptitiously grabbed the lands of an *Adivasi* family, the judge stated that,

> People have started going to any extent to grab the agricultural and non-agricultural lands. In the last decade, the price of land in Surat and its adjoining villages has escalated in leaps and bounds...Consequently, the crime rate has increased to a considerable extent. In the course of my present sitting, I have noticed that the land worth crores of rupees has been grabbed and usurped by the land mafias...The land which belongs to poor people, more particularly the tribals, has been grabbed and usurped by playing fraud of a great magnitude. (Pardiwala, 2015)

The General Power of Attorney (or GPA), a widely used quasi-legal instrument in other urban contexts elsewhere, is at the heart of such instances of land grabbing.[87] In Surat, GPAs have been used to buy and sell properties, even though the Supreme Court declared in a 2012 judgment that GPAs were not a legally binding document confirming ownership of land or real estate properties (Singh, 2011). Despite the Supreme Court's verdict, GPAs have remained the chosen instrument in Surat's real estate market because it has allowed builders to smoothly transfer property deeds and circulate money that has often flowed from the diamond industry, which, as I explained above, has come in the form of *hawala* money that cannot be easily traced.[88] Also, since transactions based on GPAs are not registered with government agencies, builders and developers have used the GPAs to avoid paying the mandated stamp duties or registration fees during any transactions. This

[86] Interview with Dhaval S., Journalist, Surat, 15 November 2021.

[87] GPAs are widely used in cities across India. This has been documented in the Supreme Court judgement, *Suraj Lamp & Industries Pvt Limited v. State of Haryana* (2012), and academic works like Sushmita Pati's study on Delhi's urban villages, *Properties of Rent* (2022).

[88] Interview with Sujit, Lawyer & Activist, Surat, 29 November 2022.

has helped engrain unregulated money from diamonds into the city's land market and real estate sector.

In many cases of land grabs across the city, GPAs have also been forged or signed under duress to transfer land to developers. Many such cases have involved Patel builders and non-Patel landowners (from the Koli Patel and Adivasi communities), furthering this perception of Saurashtra Patels as a community of "land sharks".[89] Sujit, a lawyer and activist who has worked on many such cases, shared the "modus operandi" of such land grabs:

> In these cases [of land grabs], what happens is that one member of a family who owns a plot of land is asked to sign a GPA, which transfers the power to act on behalf of the family to the *dalal* [land broker], giving him the power to sell the land to a developer or builder. After this, the *dalal* sells the land to the builders, who promise the landowners an agreed amount. However, in many cases, these GPAs are forged, or landowners are forcefully made to sign them for an amount much below the market rate of the land, especially in areas where property prices are bound to go up. Since the builders are politically well-connected, such cases result in the builders taking over land at prices below the market price and using coercion. Once developed and sold, these builders make high rates of profits.[90]

While complaints of land grabs and litigations regarding such cases have become commonplace, as the previously quoted high court order also noted, local police and administrative authorities have dragged their feet on such cases. On some occasions, the FIRs have not been filed, while in others, the main accused have been let off due to insufficient evidence or premeditated investigations.[91] This has been made possible by the quid pro quo relations between the local bureaucrats, politicians and builders. Patel builders are known for backing politicians in elections

[89] Interview with Sujit, Lawyer & Activist, Surat, 29 November 2022.

[90] Ibid.

[91] Interview with Dhaval S., Journalist, Surat, 15 November 2021.

and acting as fronts for those politicians, most of whom also double as businessmen, a point I return to in Chapter 5.

Political connections have also helped builders target specific areas of the city that have been brought under the ambit of the Surat Urban Development Authority (SUDA) or the Town Planning Scheme.[92] Builders have secured access to confidential information through political connections and pre-empted policy announcements, such as TP schemes. They have acquired lands where prices are expected to grow after the announcement. This has been a form of "accumulation by speculation" that is also noticeable in other towns and cities in India (Bear et al., 2015; Sud, 2021; Upadhya, 2020). In the contemporary period, Patel builders, politicians and bureaucrats in Surat have fuelled such a speculative boom in Surat's real estate market by building the Surat Diamond Bourse (SDB) and the DREAM city project.

The DREAM (Diamond Research and Mercantile) City is a proposed smart city[93] announced by the Gujarat government in 2015. The project signifies the intertwined worlds of Patels, diamonds and real estate. It has been suggested that by 2030, over 2000 acres of land in Khajod village, lying on the outskirts of Surat, will be developed in the form of a smart city that primarily facilitates the trading of diamonds in the city, reflecting Surat's diamond industry's ambitions to compete with Mumbai. At the heart of the DREAM City is the Surat Diamond Bourse (Figure 4.1), the largest office building in the world, with 4500 offices. It is expected to become the hub for diamond

[92] Town Planning Scheme is a statutory plan to be prepared and sanctioned under the Gujarat Town Planning and Urban Development Act 1976 (GTPUDA). As part of this scheme, the urban development authority proposed to develop a certain area and acquire land, particularly for public purposes (to build public services and amenities). The TP scheme is prepared after taking several steps, including the intention to prepare the scheme, the publication of a draft plan, and the hearing of any objections to the sanctioning of the plan by the state government (Gujarat Real Estate Regulatory Authority, 2022).

[93] "A smart city would consist of the basic and technological infrastructure such as committed power supply, drinking water and drainage system, smart conveyance system, SMART and intelligent systems, supportive back-up mechanisms, skill and design centres, international convention centre, international school and colleges, and five-star hotels and restaurants" (Standard, 2015).

trading in Surat. The SDB, plans for which were announced in 2013, has been developed and run by the leading diamond barons in the city, almost all of them being Saurashtra Patels.[94]

The move to demarcate an area of land to be developed as a smart city in Surat along the lines of GIFT City and Dholera Special Investment Zone (SIR) was mulled in 2013-14 following the proposal of diamond barons in the city to build the world's largest diamond bourse so that trading and auctioning of diamonds could take place directly in Surat itself. With the newly elected Narendra Modi government declaring the building of a new bullet train between Ahmedabad and Mumbai, passing through Surat, and Patel diamond barons taking their bets on creating a significant diamond trading hub in Surat, the BJP-led Gujarat government would be persuaded by the politically connected diamantaires to allow land towards the building of this diamond bourse and a smart city in 2014 and 2015. Local news reports suggest that this sparked a real estate boom in areas south of Surat, where the proposed diamond bourse was being built. Duly accepting the demands of Surat's Patel business elites, the Gujarat government decided to allot over 200,000 sq. metres of land to build the bourse and the DREAM City (Thomas, 2014).

Figure 4.2: Billboard signalling the entry to DREAM City, December 2021

Source: Author

[94] Nine out of thirteen core committee members of the SDB are Saurashtra Patels.

Following the announcement, the DREAM City project has been continually promoted as the next catalyst of Surat's economic growth. In areas adjoining the proposed DREAM City, therefore, rows of luxury apartments have come up over the last ten years, reflecting what a tax official described as a form of "speculative investment", with property and land prices around the DREAM City increasing by over 30-35 per cent since 2020.[95] A local news portal also reported that following the proposed opening of the SDB, "34 residential projects worth Rs 7,400 crore have been launched in the area [around the SDB]" (TBT Web Desk, 2022).

Importantly, similar to the period after the 2008 financial crisis and demonetisation in 2016, as discussed above, the effects of the COVID-19 pandemic, combined with the supply shocks to the diamond industry following the outbreak of the Russia-Ukraine War in February 2022, have led to a slowdown in Surat's diamond business (Saiyed, 2023). Consequently, the start of the SDB in 2023 and the proposed DREAM City have been used by builders and diamond business owners to generate narratives of a future that promises greater returns for the city's diamond and real estate business owners following the development of this smart city. This has included holding widely publicised discussions by the local bureau of newspapers like Divya Bhaskar involving prominent builders (Divya Bhaskar, 2023b) as well as the builder's body, CREDAI Surat, organising a special session in their annual property fest, discussing how the SDB will make the real estate sector more attractive in Surat.

In creating this "economy of anticipation", real estate companies in the cities have also aggressively advertised the proposals to build several high-end luxury apartments near the Diamond Bourse and DREAM City. One such group, for instance, has called the building of the SDB a "game-changer" and has planned several residential, commercial and industrial properties within 10 km of the diamond bourse (Roongta Developers, 2023).

The Surat Diamond Bourse and the DREAM City have emerged as symbols of the Patels' rising power in the city. A local journalist would, therefore, quip, "The Saurashtra Patels have signalled

[95] Interview with Suraj S., IRS Official, Surat, 1 December 2022.

their power through the building of the Diamond Bourse, which is even bigger than the Pentagon".[96] During fieldwork, the SDB was often the centre of conversations with those associated with the city's diamond and real estate sectors. While a prominent Patel businessman told me how the SDB and DREAM city provided a model where "migrants [Patels] contributed to the growth of the city, in collaboration with the government"[97], another mentioned how political elites like Narendra Modi and Vladimir Putin would grace the occasion of inaugurating the SDB.[98] In December 2023, Narendra Modi eventually inaugurated the building, flanked by the city's top Patel diamond business barons. The fact that the SDB, a privately developed project, was inaugurated with much fanfare by the Prime Minister underlined the proximity between the Patel business elites in the city and political elites in Surat and beyond.

4. Conclusion

This chapter has mapped how a segment of the provincial business class in Surat–the Saurashtra Patel business owners–have found their place in a changing urban economy. Starting with their transition from workers to diamond processing unit owners, I follow their accumulation pathways and explain how they emerged as an influential segment of the city's provincial business class. I emphasise the structure of the diamond industry–working around dense networks of "trust", kinship and family ties–as a critical factor in this process where capital and community have sutured to one another. Consequently, this has allowed the engendering of a socio-economic infrastructure that has allowed diamond money to move into the city's land market and real estate sector from the 2000s onwards. In the context of the real estate turn in Surat's economy, these provincial business owners in the diamond industry have taken advantage of these newer frontiers of accumulation and diversified.

[96] Interview with Suresh V., Journalist, Surat, 23 November 2022.

[97] Interview with Girish B., Varacha Co-operative Bank BoD Member, Surat, 5 April 2022.

[98] Interview with Prabhat N., GJEPC-Surat official, Surat, 2 December 2021.

Like the diamond industry, the city's land market and real estate sector are also socially structured and highly informalised, with the Saurashtra Patels playing a dominant role. This has been made possible by the flow of unregulated money from the diamond industry, as evidenced by the rise of Patel builders and developers. I have shown the different routes and periods in which informalised capital from the diamond industry has been pooled and transferred into the real estate sector since the 2000s. In the context of this thesis, I have thus provided a detailed account of how, in the backdrop of the real estate turn in post-liberalisation, provincial capital has not only survived but found a dominant place in this new frontier of accumulation and speculation. While I have only highlighted the connections between diamonds and real estate, my larger point is that the provincial business class, which operates in this informalised and socially regulated world, remains a key socio-economic agent in a changing urban context.

Finally, I have also argued that this process of diversification segues into a demonstration of social power for the Patel business owners, who now dominate the real estate sector based on their deep ties with the city's political and bureaucratic elites, as shown towards the end of the chapter. Therefore, Patel power over the city's economy has transmuted itself into a form of social power that is both material and symbolic, as exemplified in the DREAM City project and the building of the SDB. This transmutation of economic power or capital into social power, as seen in the case of the Saurashtra Patel business owners, is further examined in the next chapter.

5

Converting Capital

Examining the Charitable Practices of Patel Businessmen

1. Introduction

Following from the previous chapter, which looked at the coming together of capital and community in the process of accumulation and diversification in the urban economy, this chapter foregrounds how the Saurashtra Patel businesspersons, who make up a significant stratum of Surat's provincial business class, embed themselves in the political life of the city through a pervasive and specific form of social action: the practice of charity or philanthropy.[99] By first laying out the context of a growing sense of collective identity, belongingness and the pursuit of social power amongst the Saurashtra Patels since the 1980s, I examine the Patel businesspersons' charitable practices to underline one of the key practices through which a conversion of economic capital into symbolic, cultural and political capital takes place.

[99] Charity is used interchangeably with philanthropy. While scholarship on philanthropy and charity take note of the historical and etymological differences between them (Osella 2018), I use the two words interchangeably to denote a range of practices directed towards social giving.

Critically analysing these charitable initiatives, I outline the three dimensions of such investments. First, through the "micro-politics of self-making" (Gooptu, 2016), the Patel businesspersons, via these much-publicised charitable initiatives, self-fashion themselves as successful businessmen who are also pious and philanthropic members of the Patel community. Second, they engage in trans-local charitable initiatives that target their home villages or districts in Saurashtra, thereby sustaining links with the *samaj* (community) and *watan* (homeland). This consequently creates the conditions in which they emerge as the "big men" of the community, successfully converting one form of capital (economic) into other forms of capital (social and symbolic).

This brings me to the third aspect: the role of these provincial businessmen as "development partners" of the state (Roohi, 2018). Documenting some of their initiatives in the domains of relief work or the provisioning of private healthcare, I argue that, given the highly privatised practices of governance in Gujarat, with the provisioning of public goods such as health being largely privatised[100], these initiatives create lasting partnerships between the Patel businesspersons and the city's political and bureaucratic class. In the process, they also reinforce the accumulation of social distinction among the Patel businesspersons within the wider Saurashtra Patel community, almost as parastatal individuals who take on some of the state's welfare functions.

In drawing this connection between capital, charity, and community, I bring into focus a process through which capital is converted among the provincial business class. Here, I follow Pierre Bourdieu (1986), who proposes a taxonomy of capital comprising economic, cultural, and social capital. While economic capital is embodied in money and property rights, cultural capital is expressed and accumulated in tastes and cultural dispositions. In contrast, social capital is measured via social "connections" (Bourdieu, 1986, p. 16). In his later works, Bourdieu also included symbolic capital as another form of capital, defined by symbols that act as markers of distinction and ideational power.

[100] For a comprehensive account of this, see *Growth or Development Which Way is Gujarat Going* (Hirway et al., 2014).

The critical analytical point that Bourdieu makes is the conversion of one type of capital into another. He does not posit that economic capital is the base for accumulating other forms of capital but proposes a more synthesised view of how one form of capital is transformed into another (Bourdieu, 1986, pp. 24-26). This framework of capital and its convertibility is an instructive one that I use to interpret and explain the charitable practices of Saurashtra Patel business owners.

These charitable practices then act as "symbolic investments". Here, I draw on the work of Douglas Haynes (1987), who examined the philanthropic practices of the Surti business elites between the 18th and early 20th centuries in Surat. According to Haynes, these practices of charity and philanthropy were conspicuous means through which economic capital earned by the Surti business elites was invested and redeployed to meet two objectives. Firstly, to gain respect and distinction within the networks of commerce and community, and secondly, to exercise political influence and establish relations with the formal political authority in the city (Haynes, 1987). Although Surat in the twenty-first century is vastly different from the context Haynes looked at, the term "symbolic investments" captures the essence of such charitable practices. In the final instance, this chapter shows that such symbolic investments yield returns in the form of connections between the provincial business class and the community, as well as with the world of politics.

The rest of this chapter is organised into two parts. In the first part, I map the processes of identity formation and belonging among the Saurashtra Patels since the 1960s. I also point to the growing social assertion of the Patels in the city, a marked change from the 1960s and 1970s, when the Saurashtra Patels were disparagingly seen as outsiders, living and working on the city's outskirts. In the second part, I then turn to the charitable practices of the Patel businesspersons, mapping the individual forms of self-fashioning and their collective engagement in such philanthropic practices through various Trusts and initiatives.

2. Identity-formation and Assertions of Social Power

The Saurashtra Patel identity–a mix of caste and regional identity–gradually crystallised with the migration of Kanbi Patels from Saurashtra to Surat from the 1950s onwards and grew in conjunction with their deepening involvement in the diamond industry. In mapping this broad process of identity formation in this section, I point to the crucial role of the urban space in which Patels came to live and work. I also document how episodes of caste-based violence in Saurashtra in the mid-1980s and the growing wealth amongst the Patels via the diamond industry further shaped this collective identity and the assertion of Patel power in the city. Extending the discussion to the contemporary period, I show how this growing assertion is visible in different domains of the city's public life, whether it is in their ability to organise large sums of money to undertake initiatives for the community, their purposefully crafted control over business associations in recent years or their increasing presence in Surat's local politics. I, therefore, show how the growing social power of the Patels is being accumulated, converted and expressed in the city today.

The Crystallisation of the Saurashtra Patel Identity

Historically, Patels have been a dominant caste community in Gujarat. Patels emerged as a dominant community, in the political and social sense, by the turn of the 20th century via their position as a landowning caste group in central and northern Gujarat. Further, their active participation in the anti-colonial movements led by Sardar Patel in the 1920s and 1930s catapulted them into political prominence. This position of socioeconomic and political dominance was further consolidated in the post-independence period following land reforms and the green revolution in the 1960s and 1970s (Gidwani, 2008; Hardiman, 1981; Jaffrelot, 2016).

However, for the Saurashtra Patels in Surat, their story of socioeconomic mobility and identity formation is far more recent, as the discussion in the previous chapter indicates. Kanbi Patels of Saurashtra, mostly marginal landowning agriculturalists, crystallised into a socially cohesive social group, as Saurashtra Patels, in cities like Surat, Ahmedabad and Rajkot following their arrival into

these urban centres from the 1950s onwards. In the case of the Saurashtra Patels in Surat, particularly, this identity formation became intimately connected with the diamond industry, where they first entered as polishing and cutting workers. Miranda Engelshoven's (2002) ethnographic study documents how a shared sense of community identity began to take shape throughout the 1960s and 1980s.

Before they moved to Surat, the Kanbi Patels were scattered across Saurashtra and did not identify as a cohesive social group. Apart from being divided as Levas and Kadvas (based on ritual practices), the Kanbi Patels are also divided into several endogamous groups such as Gohilwadiyas, Halaris, Zalawadiyas, Sorathiyas, Gujaratis, etc. These groups can be traced back to the different regions within Saurashtra, with the Gohilwadiyas, for example, originating from an area which roughly corresponds to the district of Bhavnagar. At the same time, the Halaris came from the Amreli district. Nevertheless, as they moved to Surat, they found themselves in a social setting where these distinctions melted. This emergent identity pivoted around a mixture of regional and caste identities. Kanbi Patels called themselves *Saurashtrawasis* or *Kathiyawaris*, denoting their place of origin in Saurashtra. Along with this, they also identified as Patels, referring to their caste identity.

Space played a key role in drawing up the boundaries of this identity. Many of my respondents reported that once they arrived in the city, they lived in the northeastern parts of Surat. Moving to Surat aged between 13 and 16, these young Kanbi Patel boys stayed in rented accommodation. They would be housed with other boys and, usually, a male family member, such as an uncle or brother, or with a known member of their village in Saurashtra.[101] This pattern of living in these parts of Surat fostered closer social interactions with fellow Patels from various villages across Saurashtra. Through these social interactions at the workplace and in their places of residence, centred on the diamond industry, the disparate and sub-regional identities among Kanbi Patels gradually dissolved into a newfound identity. This "birth of a new caste community" was as much a social invention of the Patels as it was of the local population, who started to designate this

[101] Interview with Kantibhai Balar, Businessman and MLA, Surat, 4 April 2022.

growing urban sprawl in the city's north-eastern areas as areas where the Saurashtra Patels lived (Engelshoven, 2002, p. 305).

Even today, Surat's urban space has a physically unseeable but socially rigid demarcation. As one crosses the 152-year-old Surat railway station at the heart of the city, one enters "mini-Saurashtra", lying on the city's north-east. Over the past six decades, those from Saurashtra have mainly populated these areas. The social distinctions between the *Kathiyawadis* (a majority of whom are Patels) and the "local" Surtis are mapped out in this division, which is known to most ordinary residents of the city and spoken of candidly, as was evident in my interviews and casual interactions. One day, as I was accompanied by Bimal, who had volunteered to come with me to meet one of the respondents who is a prominent member of the Saurashtra Patel community, he expressed to me how he and his friends, who are Koli Patels from the peri-urban parts of Surat, would never visit "mini-Saurashtra". He insisted that the "people in these areas are very different from the older Surtis like us, and we don't usually mingle with them, and it's the same for them as well. They stick to themselves mostly".[102]

A vital phase of the evolving sense of identity and belonging was the experience of exclusion that the Patels faced from the city's older inhabitants and communities. As the Kanbi Patels moved into the city, they found themselves in an urban milieu where they were looked down upon. This feeling of being discriminated against kept coming up in my interviews, with many of my respondents recounting how they were disparagingly called "*hiraghasus"* (diamond polishers) by the local Surtis in those early decades. Jiteshbhai, a prominent political figure in the city who had come to Surat as a diamond cutting and polishing worker, recalling those early years when Kanbi Patels like him moved from Saurashtra to Surat, writes: "In those early days, some Surti brothers and sisters used to insult the *Kathiyawadi* youth [who mostly worked as diamond polishers and cutters] by calling them illiterate, dirty, ignorant" (Jiteshbhai, 2021, p. 116).

[102] Interview with Bimal Patel, Local resident, Surat, 23 November 2021.

On the flip side, this social differentiation and the spatially clustered feature of the diamond industry deepened social ties among the Patels. Geographers have directed our attention towards seeing spaces as co-constitutive to social relations (Massey, 2005), and in the case of the Saurashtra Patels, Varacha Road –home to the numerous diamond processing units and markets and home to the migrant working population of mostly Patels–would play this role. A spatial expression of the Patels' economic mobility converging with identity formation and space could be seen in "mini-Saurashtra", as it displayed the growing wealth of the Patels (Engelshoven, 2002, p. 301). Further, just as in Surat, Saurashtra Patels gained control over industrial clusters like the brassware and ceramics clusters in and around Rajkot (the largest city in Saurashtra), while some followed their fellow Patels into migrating to other parts of the world as well.[103] This growing economic strength, combined with their numerical strength in cities like Surat and Rajkot, eventually crystallised in the assertion of this shared identity.

Violent episodes in Saurashtra also hastened this process. In 1984-85, Surat witnessed large-scale protests in response to the Mangadh massacre that had taken place in Bhavnagar district in Saurashtra. The Mangadh massacre was another instance of the brutal history of violence that had raged on between the Rajputs (Kshatriyas) and the Patels. In this particular incident in a village in Bhavnagar district in 1984, 10 members of the Patel community were killed in an act of caste violence inflicted by the dominant caste Rajputs (Menon, 1984). In response, the Patels in Surat and elsewhere organised protests, with over one lakh protesters gathering at the Sardar Chowk in Varacha, the main roundabout next to the Mini Bazaar diamond market. Buses were arranged by Patel organisations, which ensured that large numbers of Patels in Surat returned to Saurashtra to participate in these protests. Eventually, they pressured the government to act, forcing the Home Minister to visit Mangadh, after which those accused of this violence were arrested and swiftly convicted (Engelshoven, 1999, p. 375).

The Mangadh "*Hatyakand"* (Mangadh Killings), as is popularly remembered, came up in my interviews with Mr Suresh V., a veteran journalist who runs a local Surat-based newspaper, who

[103] Interview with Jayantbhai Patel, Diamond trader, Amreli, 27 November 2022.

told me that this was possibly the first time that the Saurashtra Patels had displayed "unity" as a community in Surat.[104] To memorialise this episode, the main roundabout in the bustling Mini Bazar, Sardar Chowk, was popularly rechristened as Mangadh Chowk. Mangadh Chowk symbolises this period of violence and counter-assertions amongst the Patels–a symbol of the Patels' growing social cohesion and assertion in the city. Today, the Chowk's symbolic power is made visible during the time of elections, when all the major political parties, leaders and election candidates make a beeline for it to appeal to the Patels, whose support is decisive in these parts of Surat and parts of Saurashtra as well (Figure 5.1).

Figure 5.1: An election candidate garlanding Sardar Patel's statue at Mangadh Chowk, December 2022

Source: Author

[104] Interview with Suresh V., Journalist, Surat, 23 November 2022.

The mobilisations around the Mangadh massacre coincided with the social assertion of Patels across Gujarat in the 1980s as well. This period was marked by violent anti-reservation protests, the eruption of communal violence, and the consolidation of a coalition of upper and intermediate castes opposed to the KHAM social coalition strategy that Congress had implemented.[105] The Patels were seen as the key protagonists in this upheaval as they aimed to (re)assert their dominance and power in Gujarat's political life, as several studies looking at this period have documented.[106] The protests around incidents like the Mangadh massacre became part of a state-level socio-political assertion of the Patels that also had an impact on the further crystallisation and assertion of the Saurashtra Patels in Surat.

For instance, an essay published in 1994 mentions an incident that took place in Surat, where a police sub-inspector (PSI) had to be transferred, under the pressure of the Patel community, for allegedly assaulting a Saurashtra Patel man in the Varachha area (Engineer 1994, p. 1360). This reflected their growing ability to mobilise in large numbers and collectively assert their interests, often overwhelming the local administration and taking the law into their own hands. Further, during the Surat riots of 1992-93, the Saurashtra Patel diamond workers and factory owners alike were seen as key protagonists in the numerous acts of anti-Muslim violence that erupted across the city. Writing about the communal riots in 1992-1993, Irfan Engineer would note how,

> Thousands of *Kathiyawadis* took to the streets, and there was no one to restrain them, including the police. For two full days, looting, rapes, killings and other brutalities were perpetrated by them on Muslims in the name of religion...During any agitation, diamond factory owners close down their factories and mobilise their workers for the agitation, be it communal riots or [the] anti-reservation stir. (Engineer, 1994, p. 1360)

[105] To recall the discussion from Chapter 3, KHAM is an acronym that stands for Kshatriyas, Harijans, Adivasis, and Muslims. The Congress Party pursued this social coalition strategy in elections from the late 1970s onwards. This strategy was hugely successful in the 1985 state elections, when the Congress won 149 seats.

[106] This period has been extensively documented in previous studies : Desai & Shah, 2009; Shani, 2007; Sud, 2012b.

Therefore, over the 1960s and 1990s, a collective identity of the Saurashtra Patels emerged amidst discrimination, socio-economic ascendance and violence. This birth of a regional-cum-caste identity in the city was tied to the growing control of the Saurashtra Patels over the diamond industry, the social upheavals of the 1980s in Gujarat, and their combined effect in consolidating this sense of identity and assertion. While the elements of this identity can be traced back to shared caste and regional backgrounds, ritual status and social practices in Saurashtra, I have shown a novel innovation of an identity forged by space, capital and violence in a period of rapid economic and social change in Surat.

Expressions of Patel Power in Contemporary Surat

If the period between the 1960s and 1990s was one where a distinct sense of belongingness and identity emerged amongst the Saurashtra Patels in Surat, then the period since then has been one of accumulating social power. By social power, I denote the capacity of a community, in this case, the Saurashtra Patels, to act like a cohesive collective in political and social affairs. This is anchored by a shared sense of identity (articulated and reified through varied forms of sociocultural practices and institutions) and discernible in the community's presence and assertion in important social (and political) institutions in the city.

Far from the experience of Patels as *hiraghasus* (diamond polishers), used pejoratively by the city's non-Patel inhabitants, Saurashtra Patels today are viewed as the city's most socially, economically and politically influential community. The growing economic dominance and assertions have also produced a recursive narrative about the Saurashtra Patels as being "hard-working", "risk-taking", and "united" in mobilising for their interests and the sake of the community. In an informal conversation with a young Saurashtra Patel youth in his early twenties, he would declare, "We Patidars are daring people, and that is why we have achieved so much success in Surat. We are hardworking, and we take risks without thinking about the consequences".[107]

[107] Interview with Jinkesh Patel, Local resident, Surat, 3 December 2021.

There has been a concerted effort by the Patels to transmute their economic power into social power. This has been done at two levels: the internal and the external. Internally, Saurashtra Patels have institutionalised their social cohesion by setting up numerous caste associations like the Saurashtra Patel Seva Samaj (SPSS), run mainly by the Patel professional classes and businesspersons. While they primarily operate in Surat, these organisations are deeply connected to the Patel community in Saurashtra, often via caste-cum-religious organisations such as the Khodaldham Trust.[108] Apart from these prominent organisations, scores of sub-caste associations also exist. These are organised based on village clusters from where a group of families trace their origins from or amongst sub-caste endogamous groupings.

This institutionalisation of this collective identity started in the 1980s, when the Patels created the first community-based organisation in 1983, forming the Shree Saurashtra Patel Seva Samaj (SPSS). Miranda Engelshoven (2002) documents that the SPSS, formed by a growing middle class amongst the Patels, emerged as an important community organisation only after the droughts in Saurashtra in the mid-1980s, for which SPSS organised relief drives, followed by the Mangadh massacre described above, where the organisation played a key role in pressing the demands of the community to the government (Engelshoven, 2002, p. 308). By the early 1990s, SPSS had started organising mass marriages for Patels, often involving over 200-300 couples, with gatherings of over 50,000 caste members. Engelshoven notes, "Backed by the network of small caste associations, the financial support of the wealthy diamondwalas and the active involvement and participation of a large number of caste members, [SPSS] became a powerful symbol of Saurashtra Patel unity" (Engelshoven, 2002, pp. 308–309).

SPSS remains a significant body for the community in contemporary Surat. It continues to organise mass weddings, which is the marquee function of the organisation. Apart from taking care of the entire organisation of the mass marriage ceremony involving the Patel community settled in Surat and members from villages across Saurashtra, SPSS also provides financial aid to newly married

[108] The Kodaldham Trust oversees the management of the Khodal Mandir, the main temple for the Leuva Patels, in a village near Rajkot in Saurashtra.

couples, primarily collected from the Patel business owners in the city.[109] There are also co-operative banks, like the Varacha Co-operative Bank, known as the bank catering to the Saurashtra Patels in the city, who support these large-scale community programs. In recent years, the remit of SPSS has also extended towards creating opportunities for the Patel youth in both Saurashtra and Surat. I was told that while the community has made a mark in Surat's economic life, especially in diamonds and real estate, Saurashtra Patels lack representation in the local and state government services.[110]

To encourage this, SPSS is now engaged in activities that support young Patel boys and girls, including those living in Saurashtra. For instance, I was often informed that the building of a residential-cum-educational hostel for students from the Patel community to help them prepare for competitive exams is a much-needed initiative that SPSS is currently taking. Visiting the construction site of this hostel, an active member of SPSS shared that this project was worth over 200 crores and was supported by the entire *samaj* (community). The list of donors for the project was displayed prominently at the construction site entrance, filled with the names of the Patel business elite, with businesses primarily in diamond and real estate.

Media reports suggest that the land used for this project was made available by the Surat Municipal Corporation (SMC) at the instance of the Chief Minister of Gujarat in 2015-16. The inaugural program to begin construction of this hostel (the *bhoomi pooja* ceremony) was virtually presided over by Prime Minister Narendra Modi in 2021. On stage, prominent members of the Patel community were present, a noteworthy number of whom were diamond barons and real estate builders who had come to represent the success of the Patels in the city.[111] The involvement of such high-profile politicians, including the Gujarat Chief Minister and the Prime Minister, underscored the importance of this project and SPSS.

[109] Interview with Girish B., Varacha Co-operative Bank BoD Member, Surat, 5 April 2022.

[110] Interview with Dharmik, Politician, Surat, 19 April 2022.

[111] Fieldwork Notes, 16 October 2021.

Because of such initiatives, the Saurashtra Patel community has developed a reputation in the city for collecting large sums of money and for displaying a sense of distinction through its association with political elites in the city and across Gujarat. Members of other communities in Surat often mentioned this in conversations. Speaking to an office bearer of the Shree Surat Rana Samaj (SSRS) and a *jari* manufacturer, for instance, Mr Rana expressed that while other communities, like the Ranas, also organised community programs like mass marriages, when it came to raising funds and resources, "We cannot operate like the Patidar community, who can raise crores worth of funds in a short period. You see, there is a lot of money in diamonds that people like us [associated with the *jari* industry largely] don't have".[112]

If the presence of community organisations like SPSS represent one expression of the Saurashtra Patels' social power, another is found in their concerted effort to make their mark on various trade and industry bodies in Surat. Suresh V., the veteran journalist mentioned earlier, would comment that "the Saurashtra Patels have captured the different social institutions in the city over the last two decades", emphasising the word "capture" more than a few times to indicate the growing social power of the Patels in the city, a marked change from even the 1990s when older Surti communities like the Jains, Desais or Khatris dominated various social institutions in the city.[113] Going through the social backgrounds of the leadership profiles of prominent business associations in the city, one can see why this narrative has taken root. To illustrate, the Chairman, President, and eight of the 12 office bearers of CREDAI Surat (formerly Surat Builders Association) are from the Saurashtra Patel community (CREDAI Surat, 2023). Similarly, in the SDA (Surat Diamond Association) for the past 15 years (2007-08 to 2022-23), all the Presidents have been from the Saurashtra Patel community. Over 90 per cent of its executive committee members belong to the same community.[114]

[112] Interview with Bipin Rana, SSRS Representative, Surat, 30 March 2022.

[113] Interview with Suresh V., Journalist, 23 November 2022.

[114] This is based on my analysis of data from the SDA annual reports from 2007 to 2022.

A similar story is playing out when it comes to the apex business body in the city, the SGCCI (Southern Gujarat Chamber of Commerce and Industry). As mentioned in Chapter 3, the SGCCI is the city's oldest business body and is seen as a source of power and prestige. It has over 12,000 members who elect an executive committee headed by the President and the Vice-President. Over the years, the Saurashtra Patels have ensured that a community member gets elected to one of these top positions. In the elections of office bearers in 2022, for instance, local news reports emerged that a member of the managing committee had alleged that a prominent Patel member and past president of the SGCCI, along with other businesspersons of different communities, had struck a deal whereby a Saurashtra Patel would be the President of the SGCCI every third year (Thomas, 2022). Asking a young Patel social activist-cum-businessman about this incident, Dharmik responded by stating that,

> We need our *samaj* [community] in every sphere, and the Chamber is an important body in South Gujarat and Surat, the economic capital of Gujarat. Last year [2021], we backed this candidate from the diamond industry because he is a Patidar.[115]

Many prominent Patels have directly entered the world of politics using these positions. Take the example of Paresh Patel, a Saurashtra Patel with businesses in diamonds and real estate, who became the SGCCI President in 2012-13. In 2021, Mr Patel, who also happens to be an important political figure in the BJP, emerged as a key figure in the Surat Municipal Corporation, becoming the Standing Committee Chairman of the SMC (TNN, 2021a). This position is viewed as the most powerful in the elected wing of the municipal corporation, as the person occupying this post has the final say on the budgetary allocations being made to all other departments. According to Dharmik, despite the Saurashtra Patels contributing so much to the city since the 1970s, it was only in 2011 that Saurashtra Patel first became the standing committee chairperson 2011, with Bhimji Patel, a diamond businessman, becoming the standing committee chairman.[116] In 2021-22, the fact that Paresh Patel, another member of the Saurashtra Patel community, was given this

[115] Interview with Dharmik, Politician, Surat, 19 April 2022.

[116] Ibid.

position at the helm of the SMC standing committee was viewed by Patels in the city as an indication of their growing social power.

In the domain of electoral politics as well, Patels have demonstrated their growing influence. For instance, out of the 10 MLA seats in the city, five are occupied by Saurashtra Patels. Similarly, within the local civic body, the Surat Municipal Corporation, the Patels determine the outcome in almost 30 of the 120 seats of the representative body (Shrivastava 2017; Shah 2022). The numerical preponderance of the Saurashtra Patels, living in the city's northeast where these constituencies lie, explains their prominence in these specific electoral constituencies. However, beyond their numbers, the broader story of their assertions of social power I have been discussing thus far has made the community an influential group in the city and beyond.

3. Examining the Patel Businesspersons' Symbolic Investments

At the forefront of Patel power and assertions has been the stratum of Patel businesspersons, who often represent their "community" and hold key political positions. Patel businesspersons remain deeply embedded within the community in several ways. The chief among these is their charitable practices. Through these initiatives, the community's attempts to accumulate social power have been closely aligned with the Patel businessmen's efforts to secure distinction and social power. Since the 1990s, and with economic mobility, there has been a pervasive practice amongst the Saurashtra Patel businesspersons–diamond barons, real estate builders, land developers, etc.–to engage in various charitable practices.

I use symbolic investments to characterise such practices, as it shows the conjunction of symbolic capital (convertible to social and political capital) and its form as an investment used to circulate unregulated money. As explained in the previous chapter, there is a significant presence of unregulated money in the diamond and real estate sectors, which the Patels control. As part of its circulation, Patel business owners widely engage in such charitable practices. This is because they

act as a valuable conduit to evade taxes and turn "black money into white".[117] The formation of trusts to re-route this money and avail tax exemptions explains the pervasiveness of such charitable initiatives and the economic incentives they provide. However, I am more focused on the non-economic objectives of such trusts, donations, and charities. Thus, I argue that these "investments" are distinctive as they act as means through which the members of the provincial business class embed themselves within their caste community, homeland, and the city's polity. Following the discussion in the previous section, of growing assertion amongst the Saurashtra Patels, I place this self-fashioning of Patel businesspersons through their charitable actions to convert their economic capital into social capital.

Moreover, charitable acts also have a trans-local dimension. Given the continued social and economic ties between Surat and Saurashtra, Patel businesspersons' charitable acts are centred on their *watan* (homeland) and directed to villages in districts like Botad, Amreli, and Bhavnagar in Saurashtra. Consequently, these investments, which gain distinction and influence within the community in Surat and Saurashtra, also open pathways through which Patel businesspersons insert themselves into power networks and enter the formal arenas of Politics. They do so by entering a "partnership" with the state, taking on some of its development functions; all in the name of giving back to society, community and the city.

The Pious and Philanthropic Self-Making of Patel "Big Men"

Local business elites engaging in charity and philanthropy have a long history and are widespread in contemporary Surat. This is particularly prevalent amongst the Patel diamond barons and real estate builders. By engaging in various acts of charity, Patel businesspersons attempt to construct and disseminate a narrative about themselves as successful businessmen and leaders of the *samaj* (community). These charitable acts cover various activities and fields, like building schools and hospitals, opening temples, organising mass marriages, etc. While they are ostensibly aimed at the interest of the public good and *sevā*, publicity for those engaging in such charity or giving is also

[117] Interview with Yogesh, Journalist, Surat, 10 November 2022.

actively done. Patel businesspersons thus actively use vernacular and social media platforms to highlight their involvement in various forms of charity. Some have even commissioned biographies published in Gujarati, Hindi and English. The Patel businesspersons' entrepreneurial, charitable, community-rooted and religious dispositions are popularised and naturalised by disseminating these narratives.

The most well-known figure epitomising such charitable practice is Govind Dholakia. The septuagenarian is the chairman of Sri Ramakrishna Exports (SRK) Group, one of Surat's biggest diamond processing and export companies. With diversified business interests, he is popularly called Govind *Kaka* (uncle) in the city. He has built a reputation as someone who has achieved business successes and given back to society. A report titled "A Study of Family, Mobility and Social Capital - With reference to the Diamond House of Govindbhai Dholakia" (2020), commissioned by the SRK Foundation—a Trust established by Dholakia to coordinate and publicise his philanthropic activities—states that Dholakia is actively engaged in over 36 charitable or non-governmental organisations. Going through this report, one is apprised of the different charitable acts undertaken by Dholakia, ranging from setting up educational institutions to building check-dams in drought-prone parts of Saurashtra. Patel business barons like Govind Dholakia provide a template for others to follow when making their symbolic investments.

Notably, he is famous for donating to religious charities and organising Bhagwad Kathas, a form of congregation convened and addressed by spiritual gurus who preach about the teachings of the Bhagwad Gita. In his autobiography, "Diamonds Are Forever, So Are Morals" (2022), Dholakia repeatedly mentions that Dongre ji Maharaj has inspired him throughout his life. Dongre ji Maharaj was a spiritual leader and preacher who popularised *Bhagwad Kathas* across Saurashtra. Inspired by him, Dholakia is known for organising these *kathas*. There have been instances in the past where he has addressed such *kathas* himself, attended by the employees of SRK Group, in what is called "spiritual trips" (PTI, 2022a).

The Swaminarayan sect plays a prominent role in informing the nature of these charitable acts. This Hindu religious sect, which began in Gujarat, has a particularly close association with the Patels, which is important to discuss to understand how piety and philanthropy converge. David Hardiman (1988) outlines a history of the close connections between the Patels and the Swaminarayan sect. He documents how over the 19th and 20th centuries, Kanbi Patels (the numerically preponderant section of Patels working as small agriculturalists) came to be attracted to this sect. Established by Sahajanand Swami, a Brahmin preacher who came to Saurashtra in the early 1800s to develop this sect, a key reason for Patels joining this order was their lower caste status, vis-à-vis the Rajputs and Brahmin upper castes. Joining the Swaminarayan sect was seen as a means towards securing social mobility. Over time, with the sect becoming central to the Patel identity and the Patels achieving socio-economic mobility, the Swaminarayan sect evolved into a carrier of "bourgeois values" (Hardiman, 1988, pp. 1907–1908).

This close association between the Patels and the Swaminarayan sect is also a product of this sect's deeply regional character. For instance, Raymond Williams' study on this "sampradaya" notes how the sect symbolised a Gujarati version of Hinduism. Not only did this sect present a reformist version of Hinduism, akin to the Arya Samaj and other reformist currents in the 19th and early 20th centuries, but it also became closely associated with Gujarat's regional identity and cultural practices. This is reflected in its use of the Gujarati language for its rituals and its strict adherence to vegetarianism (Williams, 1984, p. 201). Besides this, scholars have noted how its puritanical rituals and ascetic appeals attracted the wealthy towards this sect. As Rachel Dwyer notes, "membership of the Swaminarayan movement also brings direct social advantages, viz., the religious prestige arising from the sect's reputation for purity. It is often suggested that the sect operates in a manner akin to a forum for establishing and providing a guarantee for business contacts" (Dwyer, 2004, p. 190).

The long-standing association between Patels and the Swaminarayan sect explains why a figure like Dholakia is often engaged in forms of charity that are closely aligned with the Swaminarayan worldview. The repertoire of their charitable practices draw on this religious-cum-spiritual

worldview where profit, piety and philanthropy are viewed as complementary. Amongst the Saurashtra Patels in Surat, a particular sub-sect of the Swaminarayan Sampradaya is influential, the Bochasanwasi Akshar Purushottam Swaminarayan Sanstha (BAPS). BAPS was started by Shastriji Maharaj (1865-1951), a Dungar Patel who continues to have a large following among the Patels of Saurashtra, with the diamond and real estate barons generously supporting their various activities, from the running of temples, schools, *bhojanalyas* (restaurants) and hospitals.

Informed by this religious milieu, another much-publicised charitable act of Govind Dholakia has been his plan to build Hanuman temples in the Dangs, a predominantly Adivasi-dominated district adjoining Surat. While doing fieldwork, the local newspapers widely reported that Dholakia had decided to build 311 Hanuman temples in the Dangs district, an adjoining district in South Gujarat where most of the population belonged to different Adivasi communities (Mehta, 2022). These temples will be run by P.P. Swami, a religious figure associated with the Swaminarayan sect and a close associate of the Sangh parivar, which has a long and chequered history of working in these areas.[118] Describing how he decided to build these temples in his autobiography, he narrates,

> While travelling with P.P. Swami to one village in August 2017 at Dang, I found an ancient-looking idol of Hanuman lying deserted under a tree… I asked P.P. Swami why nothing was being done for our revered God. Swamiji said, 'Govindbhai, a lot needs to be done in Dang. But who will do it?' Spontaneously, words came out of my mouth, 'I shall do it.' Swamiji informed me that 300 villages were having the same situation. I resolved to work on 300 temples. On second thoughts, and to avoid any ego trap, I invited 50 per cent partnership from people at large whose name the temple would be built. (Tiwari & Yagnik, 2022, pp. 241–242)

Apart from the religious underpinnings of such acts, these symbolic investments also play a part in rehabilitating the images of these localy business elites. Given the nature of the diamond industry

[118] There is a long and violent history of the Dangs as being a hotspot for the activities of the Sangh parivar (RSS, VHP, Vanvasi Kalyan Ashram and others) in the name of countering Christian conversion among Adivasi communities like the Kukanas, Bhils and Warlis (Shah, 1999; Joshi, 1999).

and the real estate sector and their opaque ways of operating, these elites are often characterised as being corrupt. In fact, a number of Patel diamond barons and builders have been implicated in criminal cases on charges such as tax evasion or land grabbing. Thus, this heavy deployment of resources into charitable acts is also a means to "launder the[ir] reputations" (Cooley et al., 2018). I briefly illustrate this through the life history of Manish Patel, a prominent businessman whose charitable activities were spoken of by many of my respondents and whom I interviewed during fieldwork.

Manish Patel is a second-generation Saurashtra Patel who heads his family firm, which has business interests in the city's land, real estate, and education sectors. His father came to Surat in the 1970s from the Bhavnagar district in Saurashtra, first working as a diamond polisher. As the story goes, he got together with his brother and set up their workshop in the early 1980s. Tasting success, the diamond business was scaled up, eventually establishing offices in Mumbai and Antwerp by the late 1990s. While Manish's father belonged to the generation of Patel boys who made their way into the world of diamonds from Saurashtra, Manish grew up in Surat as part of a first generation of Saurashtra Patels in the city who were better educated and expected to take over the family business.[119]

He told me that since he was notorious for engaging in fights in the city, he was sent to Bangalore in the mid-1980s to complete his university education. After completing his studies, Manish took over the diamond processing and manufacturing business in the 1990s. However, as he put it, his aggressive behaviour "earned him many enemies.[120] By the early 2000s, he was embroiled in numerous criminal cases, including those of tax evasion, extortion and even under sections of the Terrorist and Disruptive Activities (Prevention) Act (TADA). Facing serious criminal charges, Manish was sent away to Antwerp by his family, where the family-run diamond business had an office. He remained there for over five years while his family engaged the police and local authorities to ensure the legal loopholes were sorted out for him to return. Eventually returning in

[119] Interview with Manish Patel, Businessman, Surat, 21 April 2022.

[120] Ibid.

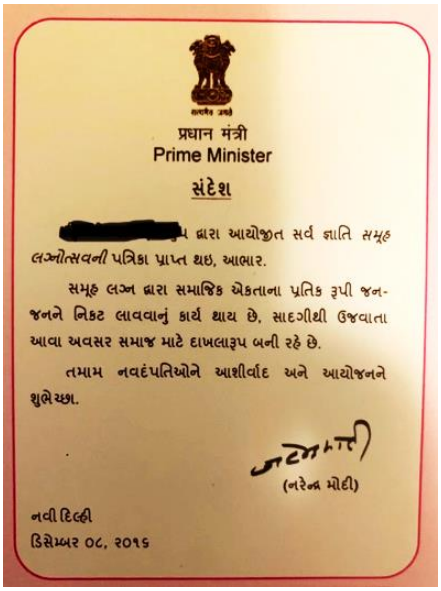
2007, Manish told me he had a "change of heart" and now wanted to "focus on social activities for the good of the city and society".[121] Since 2013, he has been organising mass marriages for orphan girls. To him, "this was a form of repentance for me and a challenge as I adopted these girls as my daughters". [122] There is a trust that Manish has set up that oversees these massive programs and keeps in touch with all those participating in these marriages after the event.

A brochure shared with me by Manish documents his various charitable initiatives. These include organising mass marriages annually, setting up an old age home and medical camps for diamond workers, and participating in relief work in Saurashtra following a cyclone in 2021. It is noteworthy that amidst numerous photos of these activities, a place of prominence is kept for political leaders and the letters he has received from them in recognition of his charitable efforts. This includes pictures of Prime Minister Narendra Modi's letter addressed to him (Figure 5.2), the Home Minister and BJP leader Amit Shah's letter to him, and photographs of the chief ministers of Gujarat attending his mass wedding programs over the years. Such displays indicate an attempt to project himself as having made a mark and connection with influential political circles and figures.

[121] Interview with Manish Patel, Businessman, Surat, 21 April 2022.

[122] Ibid.

Figure 5.2: Prime Minister's letter conveying his best wishes for the mass marriage ceremony



प्रधान मंत्री
Prime Minister

संदेश

[redacted] द्वारा आयोजित सर्व ज्ञाति समूह लग्नोत्सवनी पत्रिका प्राप्त थइ, आभार.

समूह लग्न द्वारा समाजिक એકતાના પ્રતિક રૂપી જન-જનને નિકટ લાવવાનું કાર્ય થાય છે, સાદગીથી ઉજવાતા આવા અવસર સમાજ માટે દાખલારૂપ બની રહે છે.

તમામ નવદંપતિઓને આશીર્વાદ અને આયોજનને શુભેચ્છા.

(નરેન્દ્ર મોદી)

નવી દિલ્હી
ડિસેમ્બર ૦૮, ૨૦૧૬

Source: Author

From a diamond trader accused of serious crimes, Manish Patel has transformed into a well-known personality who works for the *samaj* (community). He has received numerous awards for his "humanitarian service", which are given by other Patel-run Trusts or Trusts run by different business groups in the city. Reflecting his prominence within the Patel community, come election time, political parties like the ruling BJP court him, and he is seen participating in election campaigns in the Patel-dominated areas in the city, albeit suggesting that he is "above politics" and only does so to support his "friends".[123]

He self-fashions himself as someone who can provide a path to others like him. A good illustration of this is a biography cum self-help book based on Manish Patel's life in Hindi. The book *Prernamurti* (Inspirational Figure) covers various aspects of his life, primarily highlighting his charitable activities. Based on this, the author lists 11 inspirational aspects of Manish Patel's life.

[123] Interview with Manish Patel, Businessman, Surat, 21 April 2022.

Two of these are particularly relevant to our discussion, as they demonstrate how businesspersons like Manish Patel attempt to rehabilitate their image through acts of charity. These are,

> (4) We can learn from his life that if, under unforeseen circumstances, your reputation in society becomes sullied, then if you focus on the right path, there is a chance to change this image. You can become immortal in society if you give back to it.
>
> (6) We can also take inspiration from the fact that earning money alone does not guarantee a name and reputation in society. Instead, putting this money into social service guarantees respect. (Anonymous, 2016)

These charitable practices have also attracted media attention, with one report describing the Patel businesspersons as "Charitable, yet clever strategists" (Das, 2015). This is because many of the above-mentioned Patel businesspersons, like Manish Patel, have often been subject to income tax raids or charges of not paying the due wages of workers. Others have been involved in land-related conflicts as well. The widespread practice among Patel businessmen of making such charitable investments can be read as attempts to befriend the state and avoid its fury, thereby removing any hurdles to their drive for greater profits. Bhavesh, a diamond workers' union representative, would lament while discussing an instance where he took on a prominent diamond baron for evading taxes and non-payment of provident funds for diamond workers: "These Patel businessmen cannot be touched [by the government agencies]. *Sarkar ke Khaas Dost hain* [They are special friends of the government]".[124]

Patel business elites and their acts of capital conversion and self-fashioning are no exceptions. Engaging in charitable activities and publicising them has become widespread amongst Patel business owners. The acts of *sevā* (service) to the community and their homeland (villages in Saurashtra) have, therefore, entered into broader social narratives about the rags-to-riches stories of the Patel businesspersons. When I asked a Patel diamond businessman why there was such a

[124] Interview with Bhavesh, Diamond Workers Union representative, Surat, 4 March 2022.

pervasive practice of engaging in charitable initiatives amongst the Patel diamond barons and builders, he explained: "We are naturally hardworking and giving. Even today, if there is a need for a social cause, this community [of Saurashtra Patels], particularly the successful businessmen, will come forward".[125] Rather than a statement of fact, comments like these reveal the underlying social aims of such charitable practices: accumulating symbolic and social power.

What is distinctive about the vignettes discussed above is that they highlight how provincial businessmen, who are not well-known outside their cities and towns, also engage in philanthropic practices. Over the past two decades, a rich body of scholarship on philanthropy and business has examined the increasing blend between business, philanthropy, spiritualism, and self-making (Gooptu, 2016, pp. 74-75). For instance, scholars have noted how Hinduism and its various interpretations have been central to the new forms of spiritualism that blend stories of business success with the charitable dispositions of businessmen as a uniquely "Indian" and "Hindu" style of capitalism unique to India (Fuller and Harriss, 2005, in Gooptu, 2016, p. 75). Ujithra Ponniah's (2024) recent study on the Agarwal Baniyas in New Delhi similarly captures how provincial business owners engage in acts of charity to code their pursuit of capital and power in the repertoire and language of religiosity and patriotism (Ponniah, 2024).

Anthropologists have been attentive to the social effects generated through acts of charity and the role that "big men" play in shaping themselves and the community. For instance, Mattison Mines (1994) has documented in his work on the Chettiars in Chennai, Tamil Nadu, how prominent individuals within the community, through their participation in various forms of charitable activities, have co-constituted the identities of the Chettiar community, which "is in part built upon their community's connection with men of prominence and responsibility" (Mines, 1994, p. 58). Through their charitable practices, Saurashtra Pate businessmen similarly emerge as the "big men" of the community.

[125] Interview with Prabhat N., GJEPC-Surat official, Surat, 2 December 2021.

Thus, these businessmen engage in self-making processes that combine the profitable with the pious and philanthropic. Patel businessmen not only engage in such acts as individuals but are often perceived and consciously present themselves as vanguards of their community. While a micro-politics of the self might anchor these practices or acts, it remains implicated in the broader processes of identity formation and the social power of the Patels and religious sects like the Swaminarayan movement, which also links these practices to the wider universe of Hindutva politics, as I discuss in Chapter 7.

Giving back to the *Watan* (Homeland)

I now turn to the trans-local dimension of these charitable investments directed towards the *watan* or homeland. To put this into context, it is crucial to understand that the relationship between the Saurashtra Patels working and settled in Surat, and the villages they migrated from in Saurashtra, remains closely tied. The live connections between the *watan* and the city are manifest most clearly during the festival of Diwali. Entire neighbourhoods in the city's northeast, where the Patels mostly live, are empty for weeks during this period. Moreover, in moments of crisis or slowdown in the diamond industry, most diamond workers swiftly return to their villages, as happened during the COVID-19 pandemic, when 150,000 Patel workers reportedly returned to Saurashtra (Khakhariya, 2020). Even Patel businesspersons, despite most of them being permanently settled in Surat, maintain houses in Saurashtra and their native villages, which they are known to visit frequently.[126] The *watan* or homeland remains integral to the Saurashtra Patel identity and social life.

Given this context, prominent Patel diamond barons and builders engage in charitable activities often directed towards their villages in Saurashtra. On my visit to Amreli district in the Saurashtra region, I was told by diamond traders in the Bombay Heera Bazaar in the town centre that the Surat-based diamond businessmen had made a lot of contributions in their villages, especially in the districts of Amreli, Botad and Bhavnagar. For instance, Jayantbhai, a diamond trader, would

[126] Interview with Prabhat N., GJEPC-Surat official, Surat, 2 December 2021.

list the various charitable institutions Surat-based Patel businesspersons set up in their respective villages. One example he cited was the setting up of the Shantabaa Medical College in Amreli by the Gajera family, who have interests in diamonds, real estate, and educational institutions in Surat. This hospital came up as a public-private partnership between the Gajera Trust and the Government of Gujarat in 2017 and is the largest hospital in the entire district.[127]

During these interactions, I was asked to visit the village of Dudhala, about sixty kilometres from the main town centre in Amreli, to see how Surat's diamond barons have "transformed these villages".[128] On reaching the village, I spoke with a group of men, possibly in their 50s, some of whom had been diamond workers in Surat in the 1980s and 1990s but had returned to their village now. Speaking about the contribution of the Dholakias, which includes both Govind Dholakia and Savji Dholakia, two prominent diamond barons from this village, they told me how Govind *Kaka* had installed solar panels in all their houses and ensured that there was even Wi-Fi in every home. They also stated that Govind *Kaka* cared for their healthcare needs, as they ensured that a medical team from the district hospital visited their village regularly.[129]

Moreover, they took me to the recently constructed reservoir (Figure 5.3). This reservoir was built by Savji Dholakia, another prominent diamond baron based in Surat. The reservoir, Hari Krishna Sarovar, was inaugurated virtually by Narendra Modi, and the inauguration took place on the Prime Minister's birthday. Amongst those who attended the inauguration program, celebrated with much fanfare, was the then chief minister of Gujarat, Vijay Rupani, who even enjoyed a speed boat ride with Savjibhai Dholakia that was much publicised in local newspapers and news reports. To former diamond workers like Kishan, this reservoir helped irrigate the adjoining farmlands and showed how people like Savjibhai remain committed to their *samaj* and *watan*.[130] When asked about what the government had done for the village and its decades-long problem of water scarcity,

[127] Fieldwork Notes, Amreli, 27 November 2022.

[128] Ibid.

[129] Interview with Kishan, Former diamond polishing worker, Amreli, 27 November.

[130] Ibid.

respondents in the village candidly told me that they didn't need the *Sarkar* (government), as people like Savjibhai and Govind *kaka* looked after their welfare and needs.

Figure 5.3: Hari Krishna Sarovar, Dudhala Village, Amreli District, November 2022

Source: Author

Water scarcity in Saurashtra has been a prominent issue that has attracted the interest of the Patel business elites and their philanthropic efforts in Saurashtra. Perhaps the most notable example of such an initiative is the work of Saurashtra Jaldhara Trust (SJT), which was set up by a businessman associated with the diamond industry, Mathurbhai Savani, in 1998. Mr Savani's life story is also like the oft-repeated *khedut* (farmer) to *udyogpati* (businessman) story we've encountered. He came to Surat in the mid-1970s as a diamond worker from Bhavnagar district. By the early 1980s, he had set up his own diamond cutting and polishing unit, and he went on to become a successful diamond manufacturer and exporter by the following decade.

Motivated to solve the pressing issue of water scarcity in Saurashtra, Mathurbhai started with small initiatives to build check dams and reservoirs like the one Savjibhai has built. This initiative would be scaled up with the establishment of the Saurashtra Jaldhara Trust (SJT) in 1998. The SJT pooled resources from prominent Patel diamond and real estate barons in Surat to fund the making of

check dams across Saurashtra. Political connections between Mathurbhai, who was close to the BJP, and the then Patel Chief Minister of Gujarat, Keshubhai Patel, also helped to give the Trust's initiatives prominence. We find mention of this in Govind Dholakia's autobiography, where he writes:

> Mathurbhai Savani invited others and me in the diamond industry to join the Trust to make it a collective effort so that it did not remain a one-person show. We decided to stick to a single agenda of rainwater harvesting and solving problems of drinking water, irrigation, and water for other uses. Mathurbhai used his political influence to involve the then-Chief Minister of Gujarat, Shree Keshubhai Patel, in the project. He cut the entire red tape out of the administrative process to release the requisite funds. With just two signatures, including one of the District Collector, 60 per cent of the cost of making a check dam would come as a subsidy paid in front of the village by cheque. (Tiwari & Yagnik, 2022, p. 162)

From its inception, coinciding with a drought year in Saurashtra, the SJT evolved into a powerful, participatory movement involving large-scale campaigns led by Mathurbhai Savani. The SJT, for instance, organised *padayatra* (foot marches) across Saurashtra to raise awareness about water conservation. Patel businesspersons actively participated in these events, as did religious figures from the Swaminarayan sect, which, as discussed above, has a strong influence amongst the Patels, and large numbers of residents living in Surat and Saurashtra. A *Maha Sammelan* (grand rally) was also organised in Surat on 25 March 2000, where over 300,000 people, mainly from the Saurashtra Patel community, participated in the SJT's program (Saurashtra Jaldhara Trust, n.d.).

By 2000, the Gujarat government started a water conservation scheme–the Sardar Patel Participatory Water Conservation Project (SPPWCP)– based on the recommendations and work the SJT was doing. The implementation of this scheme was aided by the fact that the irrigation minister during this period was Nitin Patel, a fellow Patel, and Chief Minister Keshubhai Patel, a Lueva Patel from Saurashtra. Collaborating with the government, the SJT assisted villages in

building check dams under this scheme by providing administrative and technical support. Explaining how this process took place, the SJT website explains that:

> Whosoever is interested in building a check dam in the village approaches Mathurbhai in Surat, and Mathurbhai follows it up through workers of this village; he organises a meeting in Surat with the diamond workers belonging to the village and gets detailed information about village dynamics. He then holds a meeting with two groups of people – the village residents of the village and the diamond workers of that village. They all jointly chalk out the plan – formation of village committee, total cost estimate, number of check dams to be built, technical information related to check dams, contribution of village residents, allocation of JCB machines and so on. The engineers of the trust visit the village, prepare technical reports, and submit the files to the government. (Saurashtra Jaldhara Trust, n.d.)

In my interviews, the SJT was singled out as a powerful symbol of Patel unity and charity.[131] Further, through their presence in the Trust, Patel businesspersons have also gained social distinction within the community. The Trust remains composed of prominent diamond and real estate barons in Surat. On its website, the Saurashtra Jaldhara Trust shares, "The trust has 37 trustees, most of whom are wealthy industrialists and prominent businessmen based in Surat or Mumbai committed to a permanent solution to the water crisis in their homeland" (Saurashtra Jaldhara Trust, n.d.). Governments and award-granting bodies have also recognised the efforts of people like Mathurbhai. For example, he was awarded the Padma Shree Award (the fourth-highest civilian award in India) in 2014 for his initiatives with the SJT. A place of pride for the Saurashtra Patel community in Surat.[132]

Examples like the Saurashtra Jaldhara Trust or individual acts of development-related work in the villages in Saurashtra undertaken by Patel businesspersons, like the ones discussed above,

[131] Interview with Prakash, Journalist, Amreli, 27 November 2022.

[132] Interview with Prabhat N., GJEPC-Surat official, Surat, 2 December 2021.

encapsulate a trans-local dimension of these symbolic investments. While these acts of charity are often couched in the universal rhetoric of "giving back to society", the direction of the Patel businesspersons' charities is primarily aimed at the Patel community and in Saurashtra. Through city-based and trans-local acts of charity, the Patel businesspersons bind and reinforce the ties between themselves, the *watan* (homeland) and the *samaj* (community). This echoes what scholars have observed in other parts of India, where acts of charity have shaped and re-shaped identity-based notions and meanings of communities, regions, and caste (Roohi, 2022, p.13).

Partnering the State

The abovementioned examples indicate a close collaboration between Patel businessmen engaged in charity and various levels of the government. In this section, I present more examples demonstrating how the Patel businessmen and their symbolic investments have been used to strike a close relationship with the government by partnering with it to provide public goods in the city, such as health or educational infrastructure. Throughout my interview with members from the Saurashtra Patel community, one thing that came up frequently was how the business elites within the *samaj*, through their charitable activities, had stepped in and aided the *sarkar*'s (government's) role.

Surat has gone through a couple of public health and ecological crises over the past few decades. This includes the outbreak of a plague in 1994 and life-threatening floods in 2006. Patel businessmen repeatedly mentioned how, during these crises, the business community demonstrated their "assistance" to the governments through their charitable efforts. In an interview with Jiteshbhai, he explained how the Patel community had stepped in during these times of crisis. According to him,

> The power of the government is minimal compared to the social power of the community. When a major natural disaster like a flood, plague, storm, etc. occurs, social organisations are the primary workers, and the power of the government is

> exhausted. Social institutions may appear dormant in peace and good times, but they are the main strength in times of crisis.[133]

Jiteshbhai gave two examples of such instances. First, in the aftermath of the plague in 1994, he told me that people from the diamond industry, including himself, came forward to help Mr Rao, the Surat Municipal Corporation commissioner. This help was extended through organisations like the Saurashtra Patel Seva Samaj (SPSS), Surat Diamond Association (SDA) and the Welcome Clearty Club, which some Patel diamond barons started. With over 1000 volunteers joining the efforts to clean up the city for over a year, it demonstrated the community's power in helping the government, according to Jiteshbhai.[134] Similarly, during the floods of 2006, I was told that the Patel "community leaders" had played a significant role in cleaning up the city. Speaking about this period, I was informed by Manish Patel that it was the likes of the Saurashtra Jaldhara Trust who led efforts to "rebuild the city" in coordination with the local government officials in the Surat Municipal Corporation. He said, "The Saurashtra Jaldhara Trust provided more than fifty JCBs, with close to eight thousand volunteers assembling to clean the city and help people in distress".[135]

A recent example of such instances of the Patel business owners taking over some of the welfare functions of the state through their charitable investments has been the building of Kiran Hospital, a multi-speciality hospital in Katargram, Surat. A BJP MLA from one of the Patel-dominated areas recalled how the Samast Patidar Arogya Trust came up at the insistence of a few diamond and real estate businessmen from the community. Interestingly, he mentioned that the Prime Minister, when he was the Chief Minister between 2001-2012, had personally instructed the city corporation to allot 17,000 square meters of land at a prime location to the Trust at a nominal rate.[136] The project cost of over 500 crores was also collected in one day, from diamond barons to real estate tycoons, and almost all of the Patel business elite pulled in their resources. In the city newspapers,

[133] Interview with Jiteshbhai, Politician, Surat, 4 February 2022.

[134] Ibid.

[135] Interview with Manish Patel, Businessman, Surat, 21 April 2022.

[136] Interview with Kantibhai Balar, Businessman and MLA, Surat, 4 April 2022.

this was reported widely, with a leading diamond baron, the chairman of one of Surat's biggest diamond companies, donating over 50 crores. Similarly, according to another local media report, key Patel businesspersons from the city had helped the Trust collect 250 crores in just half an hour (Thomas, 2016).

The hospital was opened in 2017, duly inaugurated by Narendra Modi (Express News Service, 2017), and was "a moment of pride for the Saurashtra Patels".[137] I was also shown photos of all the trustees of the Samast Patidar Arogya Trust, which was formed to carry out this project and run the hospital. In the picture, one can see prominent Saurashtra Patel businesspersons who had donated to this project standing next to the Prime Minister. The presence of leaders like Narendra Modi and how the land was allotted to the trust shows how Patel businesspersons often use these charitable activities to wedge themselves within influential political circles.

Examples such as Kiran Hospital, the construction of a reservoir in Saurashtra, and the activities of the Saurashtra Jaldhara Trust all reflect a broader tendency across Gujarat and even India. This involves the private provisioning of public goods, such as healthcare and water, through charities and public-private partnerships between businessmen and governments in India since the 1990s (Roohi, 2018, p. 88). Usually, such a trend of private trusts and bodies taking over such development-related functions of the state is mainly associated with the philanthropic practices of corporate capital and big businesses via schemes like Corporate Social Responsibility (Sundar, 2000). A strand of scholarship has also identified the role of non-resident Indians or NRIs in such trans-local practices of giving that place NRIs as "development partners" of the state in a neoliberalising landscape of privatised provisioning of public goods (Roohi, 2018, p. 86). The above vignettes thus show that provincial business elites, like those above, remain key protagonists in privatising the provision of public goods through business-sponsored philanthropy. Although their scale of interventions might not match that of corporate capital and global philanthropic

[137] Ibid.

foundations, they nonetheless play a key part in this story of the privatisation of the state's welfare functions in cities like Surat and their rural homelands in Saurashtra.

Such charitable practices can also be viewed as strategic exercises through which the harsh working conditions and relations between capital and labour are smoothed. For instance, in the report on Govind Dholakia's charitable initiatives mentioned earlier, the authors make an interesting claim, stating that in their interactions with the workers at the company, "all workers consider him as their godfather…They told us we were lucky because we worked in Govind Kaka's factory" (Joshi, 2020, p. 85). In my interactions with Bhavesh, a diamond worker union organiser belonging to the Prajapati community (an OBC community) and someone critical of such charitable activities of Patel business, he grudgingly accepted that because of these initiatives taken by the likes of Govind *Kaka*, the relations in the diamond industry amongst the owners and the workers were viewed as being familial, with owners like Dholakia being seen as the representative of all *sheths*.[138] Similarly, a Saurashtra Patel youth critical of the role of Patel diamond barons in how they ran their factories and the growing inequality within the community suggested that these charitable practices made the Patel businessmen influential. To him,

> Patels, rich and poor, are connected and won't go against the Patel businessmen openly. Many look up to these businessmen and are taken in by all these [charitable] activities that the businessmen do, whether it is providing loans, building local schools or running hospitals.[139]

Recall the discussion in Chapter 3, where I document how labour-capital relations in the diamond industry have been maintained via social controls rooted in kinship and caste-based ties. In the contemporary period, the Patel businesspersons' much-publicised developmental efforts, like running Kiran Hospital, have emerged as a potent way to ensure their acceptability amongst the Patel workers and keep "peace" within the diamond industry intact. Thus, this practice of

[138] Interview with Bhavesh, Diamond Workers Union representative, Surat, 4 March 2022.

[139] Interview with Vrajesh, Surat, 20 November 2022.

philanthropy is locked in the wider field of politics despite its posturing as a benign practice done for the "good of society".

4. Conclusion

Originally a farming community, Saurashtra Patels came to prominence in Surat due to their involvement and success in the diamond and real estate sectors, as discussed in the previous chapter. Taking forward this discussion, focused on the Saurashtra Patel business owners, in this chapter, I first trace the crystallisation of a sense of identity, social cohesion and belongingness *as* Saurashtra Patels between the 1960s and 1990s. I show how an admixture of shared origins, discrimination, economic mobility, and violence forged the Patel identity in the city. I then show how the Saurashtra Patels, on the back of their socio-economic mobility, have also asserted their social power in Surat in recent decades. I lay out this context in the first part of the chapter to preface the discussion of the charitable practices of the provincial business elites of the Saurashtra Patel community.

In the second part of the chapter, I critically examine the widespread practice of charity among Saurashtra Patel business elites. Drawing on biographies and narratives of several prominent members of this business elite, I unpack the various motivations, repertoires and effects of such charitable activities. Based on this, this widespread practice can be characterised as symbolic investments directed at achieving social distinction, reinforcing their leadership of the community, and building bridges with the political establishment. These charitable practices then play a vital function in converting one form of capital (economic) into other forms (social and symbolic).

6

Not-So-Quiet Politics

The Provincial Business Class, State and Politics in Surat

1. Introduction

In the previous two chapters, I explored the connections between the accumulation and conversions of capital (economic, social, symbolic and political) and its close relations with community, centring on one segment of the city's provincial business class. Focusing on Saurashtra Patel businesspersons, I showed how these interconnections between capital and community shape economic change while engendering certain social practices. For instance, the practice of Patel business owners to engage in philanthropic acts is identified as one such practice through which provincial business owners convert their economic capital into social power, making them prominent figures within the community and simultaneously forging close ties with political elites.

In this chapter, I focus on how the provincial business class, comprising the different groups of business owners from various caste communities and sectors, negotiates its interests and interacts with the state and Politics. I explore how the city's provincial business class engages the state through collective action and direct and indirect participation in the city's electoral domain. In doing so, I answer the second research question around which this thesis is structured: What are

the different modalities through which the provincial business class embeds itself in the city's political life and engages with the state?

Gujarat has been one of the most business-friendly states, with business interests dominating the state's politics and government policies since the 1960s. This aspect of the state's political economy was further entrenched after the "pro-business" policy shifts across India in the 1990s (Jaffrelot, 2019; Kohli, 2012; Mahmood, 2017; Sinha, 2005; Sud, 2012). However, while the state's business-friendliness is widely studied, more studies are needed that focus on the "phenomenon of state-friendly business. This friendliness is not just about kickbacks or funding of political parties. This two-way relationship also demonstrates an ideological and political proximity" (Sud, 2022, p. 122).

This chapter, therefore, examines the relation between provincial business and the state from the perspective of provincial businesses. This chapter maps the *mechanisms* and *processes* through which vertical and horizontal engagements occur between businesses, the state, and Politics. As mentioned in the Introduction, Politics here denotes the formal political order or domain that includes institutionalised processes such as elections, political parties, and the state, which comprises the governmental and executive apparatus. Analytically, I follow scholarship that has underlined the porous and networked nature of the state vis-à-vis social interests and classes, making it an embedded entity within society (Evans, 1995; Harriss-White, 2003; Sinha, 2019; Sud, 2017). This helps to focus on the mediation and penetration of business interests and actors within the state, as is explored in this chapter's second part.

I borrow and tweak a phrase used by the political scientist Pepper Culpepper in his work "Quiet Politics", which signifies the behind-the-scenes character of business-politics relations in advanced economies and democracies (Culpepper, 2010). I characterise the different modes through which the provincial business class engages the state and participates in local politics as a form of "Not So Quiet Politics". I argue that the city's provincial business class is an active and vocal social class that articulates and presses its interests vis-à-vis the state and other social classes, chiefly labour. This characterisation also highlights that the politics of the provincial business class, defined by its

ability to press its demands vis-à-vis the state or by its participation in electoral politics, is a highly visible aspect of the broader political landscape in Surat.

This chapter discusses two broad forms of this not-so-quiet politics. First, I examine the highly institutionalised nature of business power, manifesting in the three levels of business associations or collective bodies that formally articulate the interests of the city's business owners and engage the state at various scales. Second, I document the business-dominated electoral domain of politics in the city. Tracing the occupational profiles of all elected Members of Legislative Assembly (MLA) and MPs (Members of Parliament) in Surat between 2009 and 2022, I show how and explain why businesspersons associated with the three key sectors in the urban economy, namely textiles, diamonds, and real estate, overwhelmingly make up the cohort of political representatives. Relatedly, I use the case study of one such businessman-turned-politician to argue that such political figures signal another crucial aspect of the politics of the provincial business class.

The rest of the chapter is organised into three sections. In Section 2, I document and examine the institutionalised character of business power in the city, as seen in the numerous business associations, at the apex of which lies the Southern Gujarat Chamber of Commerce and Industry (SGCCI). Drawing on examples from sectors such as textiles and diamonds, I characterise business-state relations in the city as a negotiation over the extent to which the state should intervene. After that, in Section 3, I discuss the dominance of businesspersons in the city's formal political life, specifically within the domain of electoral politics, before presenting the case study of a business politician in Section 4. In this last section, I centre a close view of Jiteshbhai's life and trajectory–from a diamond processing worker to a Minister–before emphasising his role as a mediator between business and politics.

2. Collective Action and the Contours of Business-State Engagements

Responses to my question on the role of the *sarkar* (the state) provoked a typically contradictory response from businesspersons during fieldwork. One such businessperson would state, "The

government has no role to play in the development of Surat and the success of its businesses". Within a few minutes of this discussion on the supposed self-reliance of Surat's businesses, this respondent shared how the government's active presence in scuttling any "*union-baaz̧i*" (trade unionism) or the passage of policies like the Textile Upgradation Fund Scheme (for modernising textile machinery) had greatly helped businesses in Surat.[140] Among Surat's business persons, while the state and politics, more broadly, are often viewed as externalities that do not play a part in the workings of Surat's urban economy, a closer ear to the ground reveals that businessmen are locked into intimate relations with the state, formally and informally.

Exploring these formal relations, this section examines how business interests are organised and asserted via institutionalised collectives like business associations. I describe how business associations in the city operate at three levels. Mapping these three tiers of collective action, I underline the high degree of institutionalisation of business power in Surat despite the decentralised and informal nature of the urban economy. By focusing on the role of these business associations, I characterise the crux of the provincial business class's collective actions vis-à-vis the state as a struggle over determining how much the state should intervene.

In making this argument, I draw on examples from the three critical sectors of the urban economy: textiles, diamonds and real estate. Each of these three sectors and the businesses operating in them has specific interests and relationships with the regulatory and policy infrastructures of the state. One of the key differences between these sectors is the nature of their markets and the extent to which the state regulates or actively supports these industries. Thus, the textile and real estate sectors primarily cater to the domestic market, and state regulations closely oversee the various aspects of these sectors. In contrast, the diamond industry is chiefly export-oriented, and its work and production processes are relatively less regulated. Of course, as I have pointed out before, the urban economy, as a whole, remains thinly regulated. Nevertheless, as I demonstrate throughout

[140] Interview with Anilbhai, Textile industrialist, 2 February 2022.

this chapter, this is partly an outcome of the political mediation between the city's provincial business class and the state through collective action.

The Three-Tiered Organisation of Business Interests

As discussed in Chapter 3, business power, in the form of organised business collectives like trade and industry associations, has a long history in Surat, going back to the institution of the Mahajan. This institutionalised form of business power remained active even at the beginning of the 20th century. However, with the transformations in Surat's economy, Mahajans evolved into modern-day business associations engaging the state and representing the interests of various businesses and sectors in the city (Shah, 1974). Currently, over 250 trade and industry bodies in the city organise and articulate the interests of the different sections of the city's provincial business class. Memberships range from fewer than 100 to over 12,000.

It is important to bear in mind that not every association or body is active or prominent, with some bodies being more active and well-known in terms of their membership. Their prominence also depends on the specific sector they represent. Thus, the trade and industry bodies belonging to the diamonds, real estate and textile sectors, which are the prominent sectors of the urban economy, have the most influential business associations in the city, with businessmen from these sectors also dominating the apex body, the Southern Gujarat Chamber of Commerce and Industry (SGCCI). These business bodies, especially the prominent ones such as the SGCCI, Surat Diamond Association (SDA), and CREDAI Surat (formerly the Surat Builders Association), represent the interests of big and small firms across the city. Invariably, internal conflicts and contestations between different factions of businesses and firms shape the workings of these bodies and the interests they represent. However, these internal aspects are not the focus of this discussion.

Given that there are a multitude of associations, I group them into three levels to distinguish their roles, the issues they raise, and their engagement with the state. The SGCCI operates at the top of

this three-tiered division of institutionalised business power. The SGCCI, as discussed in Chapter 3, was formed by 16 textile industrialists and merchants in 1940 who belonged to the Hindu Vaniya, Brahmin and Khatri communities, the dominant caste-community groups in Surat's growing synthetic textiles and *jari* manufacturing sectors in the 1940s (Madrasi, 2022). By 1958, the SGCCI had over 17 trade associations representing different sectoral interests affiliated with it. This included the Surat Vankar Sahakari Sangh Ltd., Surat Art Silk Cloth Manufacturers Association, Surat Weaving Association, and Surat Jari Merchants Association (Patel, 1958). Currently, over 250 trade and industry bodies are affiliated with the chamber, which has an active membership of over 12,000 (SGCCI, 2021).

The SGCCI is run by an elected committee headed by a President and Vice President. The elections, where the members of the SGCCI vote, are a keenly followed affair in the city, as I witnessed during fieldwork. Numerous factions, formed around caste ties, political affiliations, sectoral interests and electoral ambitions, jostle with one another for these positions and try to get their representatives elected. As mentioned in the previous chapters on the Patels vying for the top posts in the SGCCI, there is a great deal of community-based competition and contestation within the Chamber when it comes to electing the managing committee members. Therefore, a former SGCCI President declared during the 2018 SGCCI elections that "Caste factor and politics have taken centre stage" (TNN, 2018).

Backroom deals to reach a consensus about who the Managing Committee members will be are common. Before 2011, this was, in fact, the norm, as a consensus was reached to nominate the managing committee members. Since 2011, elections have taken place annually, with great fanfare and vast sums of money and resources being spent. Aspiring candidates have had to spend up to 4 crore rupees to contest these elections, as an office-bearer of the Chamber shared with me.[141] Becoming an office bearer, especially the President or the Vice President, attracts widespread recognition in the city and is often used to jumpstart political careers.[142] The proof is that some

[141] Interview with Mr Deepak, SGCCI Office bearer, Surat, 6 December 2021.

[142] Interview with Suresh V., Journalist, Surat, 23 November 2022.

past presidents of SGCCI have become prominent political figures in the city. Some have become the chairman of the standing committee of the Surat Municipal Corporation,[143] while others have even become MLAs and ministers in the Gujarat Government. These political connections and importance make the SGCCI a platform that works closely with the political and bureaucratic establishment in the city and beyond.

In the first four decades after its establishment (1940s to 1980s), the SGCCI's importance grew as the Indian government and the Gujarat government actively encouraged the setting up small-scale industries that the SGCCI came to represent chiefly. This established close working relations between the industry body and the political elites in the city and Gujarat. Moreover, this period of the license permit raj, where decisions about licensing and other regulatory matters were primarily made in Delhi, also engendered close interactions with the Union Government. For instance, a textile industrialist who has been active with the SGCCI shared how they had permanent offices and liaison officers posted in New Delhi to engage the Textile Commissioner and the Ministry. The SGCCI also developed collaborative ties with the Gujarat government and the local bureaucracy, such as those working in the Gujarat Industrial Development Corporation (GIDC).[144]

Presently, the SGCCI continues championing the interests of the city's decentralised industries while collaborating with the government. This, of course, takes place in the changed economic context of the liberalisation of the economy and changing demands of Surat's businesses, many of which have grown in size, even though the organisation of their businesses remain small-scale to avoid taxes and regulations. As the SGCCI president claimed,

> We firmly believe that Surat's dynamism, especially in textiles, comes from its decentralised structure. Therefore, at SGCCI, we ensure that this remains protected and nurtured. However, with time, we also feel a need for forward integration and to

[143] The Standing Committee Chairman post is considered the most lucrative and politically important one in the elected wing of the SMC, as it determines the disbursal of funds and grants that the SMC makes to various departments, schemes and wards under it.

[144] Interview with Gaurav G., Textile industrialist, Surat, 2 February 2022.

> brand ourselves better and our products while diversifying into new areas like technical textiles, which can supply fabrics used in the medical sector.[145]

The Chamber predominantly interacts with the upper levels of the government, such as the Gujarat Government or the Indian government, and with specific ministries like the Textile Ministry (and the Textile Commissioner) or the Ministry of Commerce. It also coordinates with other business bodies such as the Gujarat Chamber of Commerce and Industry, the Confederation of All India Textile Traders, the Federation of Indian Art Silk Weaving Association (FIASWI), etc., the Confederation of Indian Industries (CII) or the Federation of Indian Commerce and Industries (FICCI).[146]

At the second tier of business associations lie sector-specific associations, such as the textile traders (FOSTTA), weavers (FOGWA), yarn merchants (FIASWI), and cloth makers (SASCMA), which are associated with the textile cluster. Similarly, the Surat Diamond Association (SDA) and Confederation of Real Estate Developers Association of India- Surat (CREDAI) represent the interests of diamond business owners and real estate developers, respectively. Some of these bodies, such as the SDA and CREDAI, directly enrol individual business owners as members. At the same time, some, such as FOSTTA and FOGWA, are federations comprising several associations, trade bodies, and societies operating across the city's textile markets and industrial zones. FOSTTA, for instance, is run by an elected committee, which is elected by the association members of the over 175 markets that dot the city's textile trading hub. These business associations work with local governments and authorities, such as the Surat Municipal Corporation, and with city-based offices of various union and state government authorities, such as the Gujarat Pollution Control Board (GPCB), the Income Tax Department, and the Central GST and Excise Commissionerate.

[145] Interview with Abhishek G., SGCCI President, Surat, 6 December 2021.

[146] Ibid.

While the SGCCI is the apex body representing the interests of all businesses in and around Surat and engaging with the state at higher levels, these sector-specific business bodies are the primary associative bodies for the city's businesses. Apart from aggregating interests and representing them to the local government, these bodies also play essential roles in adjudicating and resolving conflicts and issues within each sector. For instance, the SDA is often engaged in ensuring that "conflicts" over wages or bonus payments for workers during Diwali, for example, are managed by them. Some of the regulative roles of the state, such as the payment of provident funds or bonuses, etc., are also shared by the SDA.[147] In other instances, such as when there are conflicts over payments between businesses or traders, or outright scams, the SDA blacklists such businesses and notifies all its members.[148] Bodies in the textile cluster, such as FOSTTA, FOGWA, SASCMA, or in real estate (CREDAI), also play a similar role in regulating the workings of these sub-sectors while representing the interests of businesses.

Lastly, in the third tier, numerous associations and bodies are formed around specific markets, industrial areas, or estates. These bodies mainly engage with the local bureaucracy, such as the different departments in the Surat Municipal Corporation, and on issues such as civic infrastructure or waste management that come under the jurisdiction of local authorities. Some of these bodies are also responsible for informally fixing workers' wages in particular industrial estates or markets. Apart from managing affairs related to the maintenance of markets or infrastructure-related issues, these associations also interact with workers, mediating various problems regarding wages, conditions of work, etc. For instance, textile market associations or weavers' associations like the JJ AC textile market committee or the Pandesara Weavers Association, for example, deliberate on and informally fix the rates of workers.[149]

Most of the businesspersons I interviewed were active members of these different bodies. While primarily acting as collectives to represent business interests to the state on various issues and

[147] Interview with Bhavesh, Diamond Workers Union representative, Surat, 8 November 2022.

[148] Interview with Prabhat N., GJEPC-Surat official, Surat, 2 December 2021.

[149] Interview with Ashish Tiwari, Textile trader, Surat, 13 November 2021.

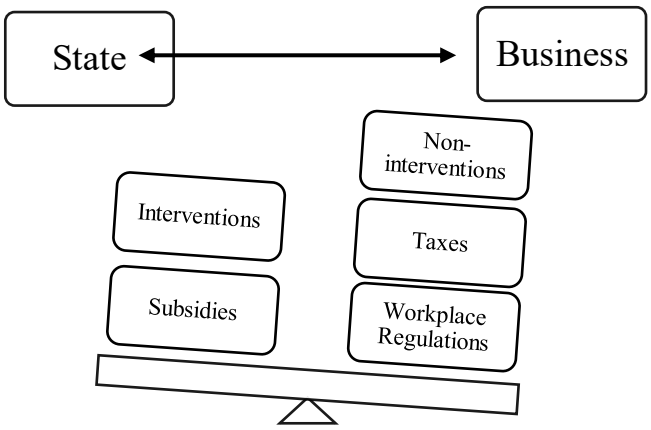
levels, these bodies also play a regulatory role in the city's urban economy. This is particularly true for the mid-level and local business associations that often take up roles to mitigate commercial disputes or provide privatised provisioning of commonly used goods and services for businesses and industrial units, such as building a common effluent plant or putting in place security arrangements in the various textile and diamond markets in the city.

Thus, Surat's provincial business class organises its interests and formal engagements with the state through this three-tiered organisation of business interests. This wide range of collective bodies signals the highly institutionalised nature of collective action amongst businesses in the city, as opposed to the completely disorganised workers' collectives, as discussed in Chapter 3. As I discuss next, this brings us to the political explanation of how informality is maintained in the city's urban economy, with an active role played by these business associations.

Engaging the State: Interventions & Non-Interventions

The contours of business-state relations can be mapped on a spectrum of issues where the state is called upon to intervene (or not). For instance, regarding the imposition of taxes or regulations on working conditions or wages, the city's businessmen and their collective bodies usually organise their energies to ensure that the state refrains from intervening, allowing them to maintain a degree of autonomy and informality. At the same time, there are other issues, such as the demand for subsidies or infrastructure development, where businesses wish for the state to intervene. The contour of business-state relations in this context is represented in Figure 6.1. It indicates that a constant balance is struck on how much the state should intervene. As I show in the rest of this section, given the organised power of provincial capital via its business associations, it often ends up ensuring that the state does not intervene actively in the workings of the economy. At the same time, the provincial business class also manages to corner subsidies and state support.

Figure 6.1: Contours of Business-State Relations in Surat



Source: Author

In interviews with businesspersons about the role of the *sarkar* and a close reading of the various issues of the *Samrudhi*, the quarterly business magazine published by the SGCCI, a recurrent theme that animated engagements between the provincial businesses and the state was that of taxes. Various forms of taxes have been imposed or attempted to be imposed by governments over the years. On each such occasion, bodies like the SGCCI have almost always tried to stave off such impositions and, thereby, the state's interventions. As a businessman and former SGCCI President argued, taxes increased the costs of manufactured goods and, more importantly, gave additional power to the local *babu* or bureaucrat.[150] This sentiment was shared by businessmen across the city's textile, diamond and real estate sectors.

Textile businessmen, in particular, have been the most vociferous regarding the issue of tax impositions. On three occasions in the last two decades, the city's provincial business class has organised massive demonstrations, including strikes, to pressure the government to take back plans to impose taxes. For instance, in the early 2000s, the proposal to introduce a centrally administered value-added tax (CENVAT) was opposed by the Surat textile businessmen, with the Surat textile

[150] Interview with Ayush Agarwal, Textile businessowner, 13 November 2021.

cluster going on a month-long strike in 2003 (Jha, 2003). The different textile-related associations and the SGCCI led the demonstrations, threatening to take the protests to New Delhi and demanding a rollback of this imposition (ibid).

The Union Textile Minister at that time, an influential leader from Surat belonging to the BJP, Kanshiram Rana, was contacted by textile businesses in the city. In that period, political access to their own man from the city, Kanshiram bhai, was put into use as Rana was contacted by industry representatives and business leaders from the city to keep off this tax.[151] Media reports from that period document how this translated into hectic discussions and meetings between Rana and the Union Finance Minister, with Rana mediating and representing the interests of the Surat textile industry, with whom he had a long-standing association.[152] Eventually, these negotiations would result in the relaxation of CENVAT in the textile sector, especially for units in Surat, primarily small and medium-sized units (Ministry of Textiles, 2003).

Another area where business associations have engaged the state is to protect the informalised working practices in the urban economy. Here, I discuss one such instance relating to the diamond industry and the Surat Diamond Association (SDA). As mentioned in Chapters 3 and 4, a common way of bypassing the Factories Act of 1948 in Surat has been to register units under the Bombay Shops and Establishment Act of 1948. Challenging this widespread practice of non-compliance, a writ petition was filed by the Dakshin Gujarat Kamdar Association (South Gujarat Workers Association) in the late 1990s. This public interest litigation (PIL) was filed against the Surat Diamond Association (SDA), requesting the court to direct the SDA, the representative body of most diamond processing unit owners, and the labour department in Surat to implement the Factories Act and ensure its compliance in the numerous diamond processing units in Surat.

[151] Interview with Anilbhai, Textile industrialist, 2 February 2022.

[152] Kanshiram Rana was the former Mayor of the SMC and the elected MP from Surat Lok Sabha constituency between 1989-2009.

Hearing the different parties and arguments, the Gujarat High Court, in a judgement dated 1 April 1998, came down heavily on the labour department and noted in its order that,

> It has clearly come out in this case that all factories engaged in the manufacture of diamonds are not registered under the Factories Act. The factory inspectors are directed to inspect the premises where such manufacturing process is being conducted and take appropriate action to get those establishments registered as factories under the Factories Act in a time-bound manner. In case the officers of the labour department entrusted with those obligations are prevented from inspecting the factories or its site, they must carry out the inspection with sufficient police help. (Sreedharan, 1998)

From an insider account of the then-Vice President of the SDA, we learn that the SDA convened numerous meetings to push back against this plan (Jiteshbhai, 2019, p. 182). The SDA also contacted Keshubhai Patel, the then Chief Minister of Gujarat and fellow Saurashtra Patel, to intervene. To circumvent this directive from the High Court, the SDA suggested that the Gujarat government direct the labour department to register the big factories first, which were negligible in number compared to the numerous processing units operating in the diamond cluster. The proposal, made on behalf of the diamond processing owners, was promptly accepted by the government, with the SDA succeeding in keeping most of the diamond processing units outside the state's regulatory ambit via the Factories Act of 1948 (ibid).

These two illustrations show how business associations play a proactive role across sectors in the city to ensure that the informalised organisation of work and working conditions remains protected. While the above examples present a publicly documented instance of businesses getting their way, they represent a key objective of collective bodies like the SGCCI, SDA, CREDAI, and numerous sector-specific business bodies. They engage in local-level and sometimes higher-level negotiations with the state to maintain a "peaceful" business environment that can work around regulations. As a former office-bearer of the SDA explained,

> We have a very healthy relationship with the administration and politicians in Surat. Whenever there are any issues, as members of the SDA or Chamber, we can call them to resolve them. This makes doing business in Surat attractive, unlike other places where politicians interfere.[153]

It is, therefore, not surprising that numerous reports and academic studies point to the non-implementation of labour laws and compliance related to working conditions, bonus payments, and provident funds in Surat's urban economy (Desai, 2020; Jayaram & Varma, 2020; Sengupta et al., 2021; Subramanian & Patel, 2021). For instance, in a recent survey, Nivedita Jayram and Divya Varma (2020) note that employers in informalised industrial clusters deploy various strategies to avoid implementing workers' welfare-related regulations and provisions. Moreover, the state is also largely absent in implementing these measures, as it suffers from an inherent resource crunch that stops it from exercising its authority (Jayaram & Varma, 2020). Research in other contexts on such instances of deliberative regulative failures of the state corroborates the above examples to underline how, through such business associations and collective action, the provincial business class maintains their informalised economic regimes (Harriss-White et al., 2020a).

While taxes and labour regulations represent one set of issues where collective action is mobilised to keep off the state's regulatory reach, the other set of issues on which business associations actively engage the state, ironically, for its intervention, includes those related to subsidies. This is particularly relevant for the textile industry. The demand for subsidies marked a shift in terms of the nature of collective action and issues of the textile sector in Surat in the post-1991 period. This is because earlier, the main thrust of policy-level demands by the SGCCI was for the government to enforce quotas on the production of fabric to outcompete the composite mill sector. In the pre-1991 period of the license-permit raj, the union government and the textile ministry were in charge of enforcing quotas on production, making these quotas the primary targets of collective action

[153] Interview with Prabhat N., GJEPC-Surat official, Surat, 2 December 2021.

by the provincial business class and bodies like the SGCCI. With such quotas being dismantled over time, the demand shifted towards issues such as subsidies for modernising machinery.

During fieldwork, the critical issue on which the SGCCI and several textile associations lobbied the government was the Textile Upgradation Fund Scheme (TUFS). The Union Textile Ministry introduced TUFS in the late 1990s, providing interest and capital subsidies for textile units investing in modernising their machinery. There was a Surat connection in the formulation of this India-wide policy. This scheme was introduced by Kanshiram Rana when he was the Union Textile Minister, who played an important role in marking this shift in the textile policy (Sinha, 2016). TUFS was seen as a crucial policy step towards modernising India's textile industry as it opened up to global competition and opportunities in the early 2000s, with the Multifibre Agreement (MFA) ending.[154]

Speaking about Rana's role, several textile industrialists told me that Kanshiram Rana was in "constant touch" with the textile industry throughout his time as the textile minister, which helped formulate business-friendly policies. According to Anilbhai, a processing house owner, "Kanshiram bhai helped the industry in Surat. He would call us [businessmen] at the Chamber [SGCCI] almost twice to three times weekly to understand the industry's problems. And we would also let them know of our demands".[155] Following the implementation of TUFS, textile machinery was rapidly expanded and upgraded in Surat, with power loom owners importing and installing technologically advanced looms such as the Waterjet, Shuttle-less, and Rapier looms. Data from the Ministry of Textiles between 1999 and 2009 shows that Gujarat received the third highest amount of money sanctioned under this scheme, 6103,000 cores. Further, among the six co-operative banks designated to actualise the scheme amount, Surat Peoples Cooperative Bank,

[154] The Multifibre Arrangement (MFA), from 1974 to 2004, regulated global textile and garment trade by placing quotas on exports from developing to developed countries. In 1995, the Agreement on Textiles and Clothing (ATC) began phasing out the MFA, eliminating quotas by 2005 to align with free trade under the World Trade Organization (WTO). As India was a signatory to this, India's textile industry also aligned itself with the post-MFA period, leading to reforms in the sector that allowed the industry to face up to global competition and expand to take advantage of the opportunities. Assema Sinha has examined these processes and the political-economic determinants of this change in *Globalizing India* (2016).

[155] Interview with Anilbhai, Textile industrialist, 2 February 2022.

which mainly caters to the Surat textile industry, received the highest number of applications and made the highest disbursals, sanctioning 1732 applications worth 293 crores (Ministry of Textiles, 2009, pp. 4-6).

Given a policy like TUFS's role in Surat's textile industry over the past two decades, business associations like the SGCCI have prioritised lobbying the state to continue this support. Since 1999, several amendments have been made to this scheme, and each time, the SGCCI has tried to ensure that the textile industry's interests are articulated and supported through these state interventions. In 2016, as the Union Textile Ministry decreased the capital subsidy from 30 per cent to 10 per cent, SGCCI and other bodies registered a public protest over this reduction. Subsequently, they engaged in a long-term and strategic effort to get back this subsidy rate. An industrialist shared how, in the aftermath of this move, the textile industry in Surat, particularly the SGCCI, has been in constant negotiation with government ministers, both in Gujarat and at the Union level.[156]

The SGCCI made multiple public demands and presentations to the Union Textile Ministry regarding a proposal to introduce a new Textiles Technology and Development Scheme to replace the TUFS. Apart from the SGCCI, other industry bodies, such as the Federation of Indian Art Silk Weaving Industry (FIASWI), also met with ministers and the textile Commissionerate to press the demand for an increase in the proposed subsidy for the different subsectors. They also pushed for a new textile policy for the Gujarat government to make up for this reduction in capital subsidy. Subsequently, while the demand related to the TUFS scheme has remained unfulfilled, the SGCCI, in coordination with other industry bodies, were successful in ensuring that the Gujarat government's textile policy in 2024 made provisions for a 35 per cent subsidy on capital investments and an 8 per cent interest rate subsidy (Saiyed, 2024).

To conclude this section, business associations are actively used by the city's provincial business owners to engage with the state on various issues. I have chosen to focus on the significant issues

[156] Interview with Gaurav G., Textile industrialist, Surat, 2 February 2022.

of taxes, labour regulations and subsidies because they help to illuminate the dual nature of such collective action vis-à-vis the state. By adopting this approach, the SGCCI and other business associations actively shape the degree and nature of state intervention in Surat's economic life. They resist state regulations on matters such as taxes, labour conditions, and wages, among others, through organised protests, lobbying, and activating their political connections. They often effectively prevent the state's regulatory reach into informal business practices, especially within the textile and diamond sectors. This is more so when it comes to policy or tax-related measures that come directly under the jurisdiction of the local administration. Conversely, these associations actively lobby the state on the issue of subsidies. They leverage formal and informal networks, often involving influential political allies, to secure state resources and favourable policies, exemplified by the implementation and continued advocacy for the Textile Upgradation Fund Scheme (TUFS).

3. Business in Politics

If business associations represent one aspect of the not-so-quiet repertoire of the provincial business class's politics, the other aspect involves the direct participation of businesspersons in local politics and elections within the city. As noted in the Introduction, there has been an increasing presence of businesspersons as elected representatives in local urban bodies such as corporations, state legislative assemblies, and the national parliament (Sen, 2023; Sinha, 2019; Sinha & Wyatt, 2019). In Gujarat, this trend began to accelerate in the 1980s. Ghanshyam Shah and Kiran Desai (2009) observe that the category of businessmen, which had been a single-digit figure until 1980, significantly increased thereafter. By mapping the occupational profile of MLAs in the Gujarat assembly, they illustrate how this number rose from five in 1962 to a peak of 46 in 1995 when the BJP came to power (Shah & Desai, 2009, pp. 201-203). Since then, this trend has remained steady, with 35 per cent of all MLAs (64/182) having a background in business in the 2017 elections (Sinha, 2019, p. 62).

In Surat, business politicians, part of the broader provincial business class, have historically dominated the party-political domain (Haynes, 2012; Shah, 1994). A 1974 report, for instance, would observe how "factory owners and businessmen, though relatively small in number, dominate the socio-economic life of the city…The [political] importance has in no way decreased after independence. In fact, both quantitatively and qualitatively, their influence on the government has increased" (Shah, 1974, pp. 40–41). In the contemporary period, business dominance continues, albeit with changes in the sectoral backgrounds of business politicians. While textile businessmen predominantly dominated Surat's politics for the longest time (Haynes, 2012; Shah, 1974), the last three decades have seen politicians with business interests in textiles, diamonds, and real estate dominating the party-political landscape.

This section examines the reasons behind this significant trend of businesspersons entering politics. Beyond the influence of money and caste dynamics in electoral politics, I argue that the promise of access to the state, both directly and indirectly, accounts for the city's porous political order concerning business interests. Building on the previous section, this part highlights another modality through which the relationships between the provincial business class, politics, and the state are structured.

Occupational Profiles of MLAs & MPs in Surat

Going through the occupational background of the MLAs elected from the ten urban constituencies in Surat in 2012 and 2017 (Table 6.1), we find that all the winning candidates (also belonging to the BJP) list business as their occupation. This trend, of all the MLAs having a business background, has also continued in the 2022 elections. Out of the ten elected MLAs from the city, eight of them list their occupation as business. In the instance of two MLAs who do not list business as their occupation, there is an indirect connection to a business through their family members. Amongst the opposition parties, such as the Congress and the Aam Aadmi Party (AAP), most candidates contesting elections in Surat are businesspersons. For instance, in the 2017 Gujarat elections, the Congress party fielded five businessmen (associated with real estate and

textile businesses) out of ten candidates in Surat. Similarly, in the 2022 elections, the AAP, which emerged as the main opposition party in the city following the SMC elections in 2021, fielded six candidates with backgrounds in business out of the nine who contested the polls.

Table 6.1: Occupational Profiles of MLAs from Surat, 2012-2022

No.	Constituency	2012 (Party)	2017 (Party)
1.	Varacha	Business (BJP)	Business (BJP)
2.	Katargram	Business (BJP)	Business (BJP)
3.	Majura	Business (BJP)	Business (BJP)
4.	Udhna	Business (BJP)	Business (BJP)
5.	Surat West	Business (BJP)	Minister (BJP)
6.	Limbayat	Business (BJP)	Social Service (BJP)
7.	Kamrej	Business (BJP)	Business (BJP)
8.	Karanj	Business (BJP)	Business (BJP)
9.	Surat North	Business (BJP)	Business (BJP)
10.	Surat East	Business (BJP)	Business (BJP)

Source: Association for Democratic Reforms (ADR)

Based on field research and publicly available data, it emerges that these businesspersons-cum-politicians are primarily connected to three industries: textiles, diamonds, and real estate (Table 6.2). Three of the eight MLAs are partners in construction companies; two are engaged in the textile industry (specifically the *jari* industry), and one belongs to a well-known family that operates a diamond trading and export company. The other three MLAs have multiple business interests. Two MLAs run construction companies and embroidery units associated with the textile industry.

Another MLA runs a diamond processing company and a company that buys and sells land in the city.

Table 6.2: Sectors that MLAs have business interests in

No.	Constituency	Industry/Sector
1.	Varacha	Construction
2.	Katargram	Construction
3.	Majura	Diamonds
4.	Udhna	Construction
5.	Surat West	Law
6.	Limbayat	Social Service
7.	Kamrej	Textiles, Construction
8.	Karanj	Textiles, Construction
9.	Surat North	Land, Diamonds
10.	Surat East	Textiles

Source: Author

The two members of Parliament (MP) elected from Surat are also engaged in business, as found in their election affidavits. Till 2009, Surat had one MP seat, which was won by the BJP continuously since 1989. After the delimitation of constituencies, two MPs are elected from the city and its urban periphery. Since 2009, both these seats have been held by the BJP and by the same two persons: Darshana Jardosh from the Surat Lok Sabha seat and C.R. Patil from the Navsari Lok Sabha seat.[157] Darshana Jardosh, who also served as a Union Minister (MoS, Railways and Textiles), lists her occupation as "business" (Mahida, 2021). Jardosh's business connections

[157] In the 2024 Lok Sabha elections, Darshana Jardosh was replaced by Mukesh Dalal.

are primarily with the textile industry, with her family running a company that manufactures valves used in the textile processing industry.

In his election affidavit, C.R. Patil, the other MP, also lists his profession as business. He has business interests in multiple sectors, from textile processing to construction. He exemplifies what scholars call an "entrepreneurial politician", i.e., a politician who developed business interests using their institutional positions and privileges after becoming an elected representative (Harriss & Wyatt, 2019). Patil is a former police constable who joined the BJP in 1989 after being suspended for charges of corruption and bootlegging. Quickly rising in the ranks, he was appointed the treasurer of the Surat BJP unit in the early 1990s (Saiyed, 2009). During this period, he gradually entrenched himself within various networks of the provincial business class in the city. For instance, he became the President of the influential South Gujarat Textile Processors Association (SGTPA) between 1998 and 2002. He also became the chairman of a State-Owned Enterprise, the Gujarat Alkalis and Chemicals Ltd (GACL). Such positions signalled his close ties to the business world in Surat and rising political stock within the BJP.

As the BJP tightened its grip over the state and the city's politics, co-operative banks now loaned large sums to figures like Patil, allowing them to set up and run their businesses, especially in the booming real estate sector. One of my respondents told me how Patil became a member of the builders' lobby in this period, acting as a conduit to channel money from textiles and diamonds to real estate.[158] He even opened his own construction company, Abhishek Private Limited. However, his construction business failed spectacularly in the early 2000s, and Patil was jailed for one and a half years for defaulting on 54 crores, which he had taken from the Diamond Jubilee Cooperative Bank for his fledgling construction company (Saiyed, 2009). The co-operative bank, one of the biggest in South Gujarat, eventually collapsed.

Despite these setbacks and charges of corruption, C.R. Patil stands as the pre-eminent figure and the political strongman in Surat. Operating out of his much-talked-about ISO:9001-certified

[158] Interview with Vrajesh, Politician, Surat, 20 November 2022.

corporate office, Patil has his hands dipped in several businesses in the city, ranging from real estate companies to textile processing houses. He has been winning the Navsari MP seat with record margins since 2009 and was elevated to the position of state BJP President in 2020. He is also the chief resource mobiliser for the BJP in Surat and an omnipresent figure in the city's business circles, almost always the chief guest at the many meetings and events organised by different business associations and bodies like the SGCCI, SGTPA, FOGWA, or CREDAI. He is also a figure I return to in the next chapter, discussing his pivotal role in ensuring that the provincial business class continues to support the BJP.

The predominance of businesspersons in Surat's political landscape indicates a strong relationship between business and political influence in the city. Across elections, most winning candidates are business owners, particularly in sectors central to Surat's urban economy, such as textiles, diamonds, and real estate. This overlap reinforces a dynamic in which political power and business interests are increasingly intertwined, facilitating mutual benefits for businessmen and political actors in these networks.

Explaining the Dominance of Business Politicians

What accounts for this predominance of businesspersons in Surat's electoral field? I zero in on three main reasons for this. Firstly, the financial resources required for election campaigns give businessmen a considerable advantage in securing candidacy. This economic leverage enables them to acquire election tickets more readily than individuals from other occupational backgrounds. Secondly, the candidate selection process within political parties, particularly the BJP, tends to favour individuals who possess significant material wealth and can mobilise electorally influential social groups. As discussed in the previous chapter, candidates adept at leveraging caste affiliations and mobilising community votes, often through acts of charity, tend to be those from specific socio-economically dominant communities such as the Patels, Jains, Modh Vaniks, and Ranas. Lastly, implicated in the broader contours of business-state relations, businesspersons are actively interested in entering the state or supporting fellow businessmen as candidates to forge

personalised relationships with elected politicians, who can provide access to state resources and the local bureaucracy.

Money has emerged as a prominent factor in Gujarat's electoral contests, which explains why many businesspersons are given election tickets and eventually become councillors, MLAs, and MPs across the state. The disproportionate use of money in elections has created what scholars term a "selection effect", whereby candidates with financial resources are most likely to get election tickets (Kapur & Vaishnav, 2018, p. 4). An ethnographic study conducted during the Gujarat elections in 2017, focusing on two constituencies in Ahmedabad, found that over one crore rupees had to be spent by the two leading candidates in an urban legislative assembly constituency (Kumar et al., 2020). Similar amounts of money, if not more, are also needed to fight elections in Surat.

While it was difficult to trace the exact amount of money spent on elections, conversations during my fieldwork, which coincided with the 2022 Gujarat elections, indicated this. For instance, I was told by a respondent who contested the 2022 elections on an AAP ticket that he needed to raise close to two crores to fight the polls. Interestingly, a few days before voting day, while talking to a manager of a small micro-finance company, I was told that there was an acute shortage of 2,000-rupee notes in the city. This was because the *angadias*–the network of cash carriers in and out of the city, primarily associated with the diamond industry–were supposedly funnelling all available cash towards election expenses.[159] All this, anecdotally, points to the large sums of money circulating during elections. This ability to raise significant financial resources during elections explains why, in a city with a large number of migrant workers, it is primarily the members of the provincial business class with interests in real estate, textiles, and diamonds who run for political office.

The financial background of the candidates in the local and state elections further demonstrates this point. For example, in the Surat Municipal Corporation elections 2021, the average assets of all the candidates in the polls were 1.13 crores. For the candidates from the BJP, this figure was

[159] Interview with Bhavesh, Diamond Workers Union representative, Surat, 8 November 2022.

3.08 crores, as opposed to 74 lakhs for the Congress candidates and 47.11 lakhs for the Aam Aadmi Party. The wealthiest candidate, Dharmeshbhai Sarasiya from the BJP, is a businessman holding stakes in several companies connected to the diamond industry (ADR, 2021, p. 7). Regarding the MLAs from the city, the average assets of all candidates are over four crores. Unsurprisingly, the wealthiest candidate from the BJP is Kantibhai Balar. Mr Balar has declared assets of over 54 crores, owns large tracts of land, which he buys and sells, and has a diamond processing company in Surat. Similarly, regarding the two elected MPs from the city, Darshana Jardosh has declared assets worth two crores per her 2019 election affidavit, while C.R. Patil, on the other hand, has declared assets worth 44 crores (ADR, 2023).

The second reason for the overwhelming presence of businesspersons in the city's political life is explained by such political figures' caste-community backgrounds. As discussed in the previous chapter, there is a strong connection between business power and social power. For instance, the Saurashtra Patel businessmen who engage in acts of charity do so to gain prominence within the community, with many of them eventually vying for and successfully obtaining election tickets. One of those businesspersons discussed in the previous chapter, for example, became a Rajya Sabha Member, nominated by the BJP, in 2024. Such political appointments exemplify how philanthropic practices aimed at shoring up distinction within the community often lead to plum political positions, including becoming a Member of Parliament or an MLA.

The selection of candidates by political parties for elections is a complex and often opaque process, as has been documented by scholars working on the question of candidate selection (Singh, 2023). This process involves a range of party bureaucrats and leaders sitting at multiple levels of the party organisation who determine the candidate's caste-community backgrounds and resource-richness, as an SMC councillor from the BJP explained.[160] Hence, those selected for political office are expected to draw support from these caste groups. The result is that a majority of the MLAs and MPs belong to those caste-community groups in the city—Khatris, Ranas, Jains, and Saurashtra Patels—who not only dominate the city's urban economy as businessmen but are also

[160] Interview with Jayesh R., Politician, Surat, 28 March 2022.

communities that are electorally important in terms of their numbers, as they cluster together in localities and neighbourhoods based on their community ties (Jha, 2022).

The third factor that explains this predominance of businesspersons in the city's party-political domain is the possibility of accessing and penetrating the state directly or by backing candidates financially and politically. As is evident from Table 6.2, specific sectors are better connected to the political class than others via the cohort of businessmen-politicians. This reflects a pattern observed in other parts of India as well. Politicians exchange policy discretion or regulatory favours for financial support during elections (Kapur & Vaishnav, 2011) in sectors where firms are highly regulated or can provide resources for regulatory favours. In the case of Surat, the three key sectors of the urban economy–textiles, diamonds, and real estate–can be characterised as sectors where businesses cultivate close ties with politicians to establish quid pro quo relationships that generate benefits for themselves, individually and collectively.

Examples from the real estate sector illustrate this point. Many Surat Municipal Corporation (SMC) councillors, MLAs, and MPs from the city are associated with the real estate sector. While some businessmen-turned-politicians officially run real estate companies or are partners with real estate developers, they also function as representatives for conveying the interests of the real estate sector at the local levels of the bureaucracy and government. This includes obtaining clearances from the SMC regarding building regulations and bylaws, and urging the urban development authorities to consider their interests when drawing up zoning plans. The issue of zoning witnesses such interactions most intensely. This occurs during the preparation and passage of the various town planning schemes in the city.[161] As discussed in Chapter 4 on the instances of land grabbing in Surat, it is often the presence of politicians with ties to real estate that has been at the centre of

[161] Town Planning Scheme is a statutory plan to be prepared and sanctioned under Gujarat Town Planning and Urban Development Act 1976 (GTPUDA). As part of this scheme, the urban development authority proposed to develop a certain area acquires land, particularly for public purpose (to build public services and amenities). The TP scheme is prepared after taking a number of steps, including the intention to prepare the scheme, the publication of a draft plan, the hearing of any objections, to the sanctioning of the plan by the state government (Gujarat Real Estate Regulatory Authority, 2022).

such allegations of land grabs and changing rules to benefit builders. Many politicians have sought to influence and modify the TP schemes to assist their builder friends.

In a Right to Information query filed by an opposition leader in 2017, it was found that in an approved TP scheme, the Surat Urban Development Authority, at the behest of vested political and business interests, had decided to acquire 8.346 sq. meters of land for public purposes instead of the proposed 31,564 sq. meters of land as was stated in the draft plan (Kaushik, 2017). In another case, another diamond baron requested that a draft TP scheme be amended. Under the proposed draft, the urban authority removed some of the privately owned land. This claim would be publicly backed by an MLA and minister, who actively lobbied the urban local body to change their plans, demonstrating how businessmen and politicians often work in tandem in the city, especially regarding the real estate sector and the passage of TP schemes.

The promise of access and quid pro quo relations explains why builders back politicians who are also involved in the real estate sector. For instance, a political activist from the AAP shared that most of these elected politicians are part of the "builder lobby". He pointed out how two prominent MLAs in the city "are backed by builders", who actively lobby and funds these candidates, come election time".[162] He added that when it came to contesting elections, the BJP and those in charge of distributing tickets often consulted prominent real estate builders in the city, who are a part of this lobby.[163] While I draw on examples from the real estate sector, a similar pattern plays out in the other two rent-thick sectors of diamonds and textiles, where provincial businessmen mainly operate. Political figures with business backgrounds and ties to these sectors also ensure access to the state. Such linkages between businessmen, politicians and the state are crucial to how the provincial business class "does politics".

To summarise, the role of money, caste background, and access to the state predominantly explains the overwhelming presence of businesspersons in the city's political order. The financial

[162] Interview with Vrajesh, Politician, Surat, 20 November 2022.

[163] Ibid.

requirements of political campaigns in Surat favour business figures with the resources to secure election tickets. Additionally, businesspersons benefit from their ties to caste and community networks, with groups like the Patels, Jains, and Ranas gaining political traction through charitable acts that build community loyalty and sway political party preferences. Lastly, businessmen also attempt to use their political positions to influence regulatory decisions or engage in quid pro quo relations. As the examples discussed show, politicians connected to Surat's "builder lobby" shape urban planning and zoning decisions to favour prominent developers, highlighting a mutually beneficial alignment between business and political interests in the city.

4. Business Politicians as Mediators & Facilitators

In further exploring the workings of such alignments, I zoom in on the figure of the businessman-politician to highlight how this cohort plays the role of mediators and facilitators, connecting the worlds of business, politics, and the state. I do so by centring the life history and political interventions of a prominent businessman-turned-politician, Jiteshbhai, to document the active political work of such figures.

In this section, I first trace Jiteshbhai's life history, from starting as a diamond processing worker to becoming a businessman, then MLA, and eventually a Minister in the BJP-led Gujarat government. Tracing key moments in his long political life from the 1990s to the 2010s, I highlight the pathway a figure like Jiteshbhai traverses as he moves from the world of diamonds (business) to politics. Further, centring a few vignettes from his semi-autobiography and interviews about his "contributions to the diamond industry", I characterise his role as a facilitator and mediator of business interests. I show how these interventions form a key aspect of the political work that businesspersons-turned-politicians perform. Such interventions help to mediate with the state and ensure that the unregulated and informalised structure of the diamond processing industry is maintained. These businessman-politicians and their interventions form another modality through which the provincial business class engages and embeds itself within the state and politics in Surat.

In spotlighting Jiteshbhai's life and interventions as a case study, I draw on my interactions with him and other interview data and documentary sources. Most importantly, I draw on his self-published book. In our interaction, Jiteshbhai shared with me that he wrote this book after he retired from political life in 2017 and that the book is based on a diary that he has been maintaining since 1994, detailing his political activities on an everyday basis. This book, therefore, provides an often difficult-to-access peek into the roles that businesspersons-turned-politicians like Jiteshbhai play.

From Diamond Worker to Minister: A Biographical Profile of Jiteshbhai

Jiteshbhai is in his mid-60s and currently serves as the secretary for the Gujarat Hira Bourse (GHB). The GHB, located on the city's outskirts, is a 100-acre diamond processing park run by some of the prominent diamond barons of Surat. Jiteshbhai currently works out of the GHB office, where I met him to conduct the interview. While Jiteshbhai is an important management committee member and a widely known public figure, his life story begins from humble origins in Saurashtra. Jiteshbhai first came to Surat in 1969 from a village called Pati in Botad district, Saurashtra, aged 13 years. He mentioned to me how this was when young Patel boys like himself moved to the booming diamond processing cluster in Surat. Joining his two brothers who had already gone to Surat, he joined the burgeoning diamond cutting and polishing industry, quickly picking up the skill of shaping mined diamonds and becoming a *ratnakalakar* (as diamond-processing workers are called in Surat).[164]

By 1982, after taking a break, he was back in the diamond business, though this time as a diamond processing unit owner. In 1982, he opened a small diamond processing unit in his village, frequenting Surat to acquire unpolished diamonds and bringing them back to his village, where they were processed. With the industry bouncing back from a recession in the mid-1980s, Jiteshbhai eventually returned to Surat with his family in 1984. He opened a diamond polishing and cutting unit in partnership with his cousin and elder brother in 1986. In this period, Jiteshbhai

[164] Interview with Jiteshbhai, Politician, Surat, 4 February 2022.

started to embed himself in the city's diamond industry and its vast networks of caste and business, particularly making valuable connections with other Patel diamond traders and businessmen. For instance, he actively participated in the programs of various Patel community organisations, which were burgeoning in the 1980s as the Patels gradually achieved social mobility in the city, as discussed in Chapter 5. He also became one of the first Surat Diamond Association (SDA) members in 1988.[165]

It is important to recap that in the 1980s and early 1990s, two key changes took shape in Surat. First, there was a further expansion of the diamond cluster in the city, manifested most visibly in the large number of Patels who had moved to the city in search of work from the 1960s onwards. Crucially, and as discussed in the previous chapter, it was in this period that the Saurashtra Patels started to rise into a politically powerful caste group within the city. Many Patel business owners and traders had now come to dominate the diamond cluster, which the Jains previously controlled. The second interrelated development was the rise of the BJP on the back of the backlash against the Congress's social alliance of KHAM (Kshatriya, Harijan, Adivasi and Minority), which eventually alienated the Patels across Gujarat (Shah, 1996; Sud, 2012). Against the backdrop of Gujarat's changing political landscape, the Saurashtra Patels also asserted their influence in the city's political life, which was taking a sharp turn towards the BJP.

In this political and social setting, Jiteshbhai gradually transitioned from a small-time diamond processing unit businessman to a prominent political figure, especially amongst the Saurashtra Patels and the diamond cluster. By the early 1990s, Jiteshbhai decided to retire from business and actively immerse himself in various social activities. He mentioned that since he was always inclined towards politics and social work, as opposed to running the diamond business, he and his brothers decided that while they would continue to manage the diamond processing business, Jiteshbhai would now devote his time to "social affairs".[166] This involved actively participating in the various activities of the caste-based organisations and business bodies like the Botad Taluka Samast Patel

[165] Interview with Jiteshbhai, Politician, Surat, 4 February 2022.

[166] Ibid.

Samaj, Saurashtra Patel Seva Samaj and the Surat Diamond Association. In the SDA, which quickly emerged as a key platform for the diamond business owners (mostly Patels), Jiteshbhai became the vice president in 1994.

As he actively immersed himself in a range of caste-based or industry-associated organisations, he was called upon to set up the Surat city branch of an organisation called *Samutkarsh*, an NGO run by the Rashtriya Swayamsevak Sangh (RSS) in Surat. Writing about this meeting and his association with *Samutkarsh*, Jiteshbhai writes,

> I went to Shri Mathurbhai [Savani's] house. Another person was sitting there with Mr Babubhai Dharukawala. Introducing him, Shri Mathurbhai said, "This is Shri Dineshbhai Vadhani. They want to talk to you". I told Dineshbhai, "Tell me what you want?" He said, "We are workers of the RSS. RSS is undertaking social work successfully in various fields across the country and in Gujarat. Among these areas, we are considering starting a branch of Samutkarsh, an intellectual sector organisation in Surat. We feel that you are worthy of establishing this institution." After hearing this, I said, "I will get back to you about this later". After discussing this with my friends, I agreed to take responsibility. (Jiteshbhai, 2019, p. 96)

Engagements with organisations like *Samutkarsh* or the Surat Diamond Association helped open the gates to the world of politics. In the 1995 Gujarat state elections, Jiteshbhai officially entered the fray, contesting on a BJP ticket from his home district of Botad. Recounting this moment, Jiteshbhai mentions how he was approached by Mathurbhai Savani as well as Veljibhai Sheta (a prominent builder from Surat and a fellow Saurashtra Patel) to contest for the BJP from the Botad seat in rural Saurashtra. Jiteshbhai would admit that he took this step after much thought and discussion with his friends and family. While he lost the elections, the 1995 Gujarat elections would see the BJP winning an outright majority, kickstarting its enduring dominance in the state's politics. With Keshubhai Patel, a fellow Saurashtra Patel, becoming the Chief Minister, Jiteshbhai gradually made his way up in the BJP. He was made in charge of the party in Botad district and later the General Secretary of the Surat BJP unit.

While networks of caste and business opened the gates for Jiteshbhai to actively switch to politics in the mid-1990s, his rise as a prominent political figure in the city's politics was firmly established in the faction-ridden internal politics of the BJP in the mid-2000s. The period after the emergence of Narendra Modi as the Chief Minister in 2001 saw the outbreak of intense factional battles within the Gujarat BJP. Following electoral losses faced by the BJP in the local elections in 2000, and in the aftermath of the Bhuj Earthquake of 2001, the Patel strongman, Keshubhai Patel, was replaced as the Chief Minister by the BJP top brass. This heralded the start of Narendra Modi's time as the state's chief minister. In this period, the disgruntled Patel-dominated factions in the BJP and a section of the old guard within the BJP, especially entrenched in Surat, positioned themselves as opposed to Modi. However, with successive electoral victories in 2002 and 2007, Modi gradually took control of the party in Gujarat, sidelining these factions and their leaders, while promoting his own set of linkmen and local leaders loyal to him.

Jiteshbhai, an early supporter of Modi—an outlier in this regard within the Surat BJP—ended up on the right side of these factional struggles. As he recalls in his book, the turning point was when he organised a program in 2005 to honour Narendra Modi, during which he also hosted the Chief Minister at his home. Consequently, he faced opposition from the Patel-dominated sections of the Surat BJP, with the program publicly opposed by many members of the SDA as well. Jiteshbhai eventually had to resign from his position in the SDA. However, this gamble to side with Modi paid off in 2007. In the 2007 Gujarat elections, he was offered an election ticket from the Patel-dominated Surat North constituency–seen as "Modi's man" in the diamond city (Mehta & Bhatt, 2007).

The Surat North assembly seat was previously held by Dhirubhai Gajera, a prominent diamond baron and influential member of the Patel community in Surat. Gajera, the sitting MLA, was a prominent leader within the Surat BJP and part of the faction on the other side of the divide, opposing Modi and siding with the Keshubhai faction. With Jiteshbhai contesting the seat and Dhirubhai eventually crossing over to the Congress to fight the elections, the 2007 election was billed as a fight for control over who represented Surat's diamond industry and the Saurashtra

Patels. One businessman associated with the diamond industry confessed, "This time, the stakes are higher with the industry split into the pro-Modi and anti-Modi groups" (Bharadwaj-Chand & Kaushik, 2007). Amidst such contestation and an uphill task against a resource-rich political heavyweight, Jiteshbhai recalls organising meetings with diamond businessmen in the run-up to the elections.

> On 30-11-07, at nine o'clock at night, the community leaders' meeting was held at Mr Vallabhbhai Zadafia's farm near Surat. Many leaders of the diamond industry from Mumbai were also present. In this meeting, in the presence of more than 500 leaders, everyone called to support the BJP with body, mind and money to win the Surat North Assembly, no matter what the challenges may be… Mathurbhai Savani and C.P. Vanani [the President of the Surat Diamond Association] coordinated this meeting of community leaders.(Jiteshbhai, 2019, pp. 271–272)

Jiteshbhai went on to win this seat. Importantly, this victory established him as a prominent figure in the city's politics, especially vis-à-vis the diamond industry. With the politics in the state being dominated by Narendra Modi by the end of the 2000s, Jiteshbhai became the go-to person for the Saurashtra Patels and the diamond industry in the city. He also won the 2012 assembly elections from another Patel-dominated assembly seat, Katargram, and was elevated as a minister between 2014 and 2016. He emerged and continues to be one of the key Saurashtra Patel leaders of the BJP in Surat and a close "friend" of the city's diamond industry, a *ratnakalakar* turned diamond businessman who became a Minister.

This brief biographical snapshot of Jiteshbhai's political life reveals several critical insights about the interplays between business and politics. Jiteshbhai's narrative exemplifies how these interconnected worlds operate. A significant aspect of Jiteshbhai's political rise is his effective integration within business associations and community trusts dominated by the Saurashtra Patel community. These engagements solidified his position within this community and facilitated his involvement in the city's diamond association. His entrenchment within the extensive networks of

diamond traders, processing unit owners, and diamond barons opened the pathways to politics for Jiteshbhai. Further, the paths through which Jiteshbhai has navigated into the BJP and electoral politics underscore a pattern whereby Patel business owners often leverage their connections with community and business leaders and friends to secure their political advancement. Notable figures such as Mathurbhai Savani and Veljibhai Sheta, who hold prominence in the diamond and real estate sectors, exemplify the intricate relationship between business and politics. Their presence illustrates how these enduring networks function and places political figures like Jiteshbhai in a position where they draw upon these networks of caste, business, and party affiliation to mediate between them.

Jiteshbhai, as a Mediator & Facilitator

As an influential party functionary intimately connected to the city's diamond industry and Patel caste networks, Jiteshbhai's political role can be characterised as a mediator and facilitator. This characterisation is drawn from Jiteshbhai's account as well. For instance, expressing his views on the role of governments in the economy, he writes, "The role of the government should be such that people can develop themselves without depending on the state. The citizens of the state should feel that their development is not an unnecessary interference by the government, but an encouragement" (Jiteshbhai, 2019, p. 24).

In his schema, this specific division between the state and individuals reflects the "natural order", with citizens driven by self-interest and self-happiness. According to him, in a utilitarian sense, the state and governments should aspire to fulfil this. He declares that the private sector should own all the products and services and that "capitalism is the right way to reach the high goal of equality through social development through economic development. Because everyone's mentality is capitalist by nature, even the poorest of the poor want to be a capitalist" (Jiteshbhai, 2019, 26). Further, on the question of taxation on businesses, which is a significant issue for the city's business class as discussed above, he believes that citizens will be self-motivated to pay tax only if it is used honestly and only when "the state becomes a facilitator, not a hindrance, with the help

of policy, legislation and tax structures" (Jiteshbhai, 2019, p. 25). These views of Jiteshbhai help us to construct and notice the worldview through which he sees his role as a political actor. The vignettes I discuss below, detailing some of his interventions as a politician, further illustrate this point.

The first set of episodes I focus on relates to when Jiteshbhai was the Vice President of the Surat Diamond Association and an emerging politician in the BJP. In listing his contributions to the diamond industry, Jiteshbhai mentions how he jumped in to mitigate issues regarding the working conditions in the diamond industry, which is notorious for its harsh working conditions. In 1996, the Supreme Court of India, in a landmark judgement, came down heavily on the widespread practice of child labour in various industries in India (Hansaria, 1996). The diamond industry in Gujarat, with its base in Surat, was also pulled up. A report published by the ILO, based on a survey conducted in 1996, brought to light the practice of engaging child labour in the diamond processing units in Surat. It reported that one out of ten workers in the diamond polishing industry was a child (ILO, 1997, p. 51).

In the face of these allegations, the Gujarat government was asked to prepare a report on the prevalence of child labour in the diamond industry in Surat and Gujarat. Jiteshbhai, recalling this period, writes that he was called by the Surat district collector as a representative of the SDA and was asked to help prepare this report. Recounting his meeting with the collector, Jiteshbhai narrates how he made it clear to the collector that this report was wrong. He demanded to meet the NGO representatives who had conducted this survey to disprove their claims. He also insisted that a representative from the collector's office, the NGO and the diamond association jointly conduct a study to re-check the findings of this report.

While this did not fructify, the collector asked Jiteshbhai to accompany him to a meeting on labour issues. This was a meeting at the V.V. Giri Labour Institute in Noida in January 1997 on the issue of child labour in various industries in India. Jiteshbhai mentions how he was the only industry representative in this meeting amidst a large contingent of trade union leaders, district collectors,

state labour commissioners, the labour secretary of the government of India, and members from different NGOs. Despite the protestations from the trade unions and other participants, Jiteshbhai was asked by the Surat District collector to present his views on the issue of child labour in the diamond industry. While it is unlikely that Jiteshbhai's presentation convinced the participants at this meeting, he likes to believe that he "gave a detailed account of the state of the diamond industry [and] the actual extent of child labour. Everyone was satisfied with my report. Thus, I mitigated the great calamity that befell the diamond industry" (Jiteshbhai, 2019, p. 181).

This example indicates how interventions by politicians play a critical role in keeping the state and its regulatory reach outside the workings of these businesses and firms in Surat's largely informalised economy—a common theme in business-state relations in Surat, as discussed in Section 2. Even in the face of diktats from above, via the High Court or pressures from below, where the government is asked to implement specific measures regarding working conditions in diamond processing units, it is often pushed back against, often with success. While collective bodies like the SDA serve as the formal organs of collective action, figures like Jiteshbhai, tied to the city's provincial business class, act as the key intermediaries in these engagements.

Relatedly, another issue to which figures like Jiteshbhai respond and intervene is the imposition of taxes on the diamond industry, a contentious aspect of the local politics of business-state relations. On many occasions, successive governments, both at the national and state levels, have attempted to impose taxes on the diamond industry. However, this has always been resisted through various means. One such instance was the proposed imposition of a Value Added Tax (VAT) on the diamond industry. In 2005, when the Government of India introduced this tax, the Gujarat government decided to impose a 1 per cent VAT on the sale and purchase of diamonds in the state, in line with the tax structure in Maharashtra. Previously exempt from such taxes, the diamond industry in Surat would now have to pay this tax. This was based on the premise that, as 98 per cent of all processed diamonds were exported, an exemption could be availed. With the proposed introduction of the VAT, this move was vehemently opposed by diamond traders and

businessmen across Surat and Gujarat. The Surat Diamond Association even threatened a total shutdown of operations if this decision was not reversed.

In such a situation, Jiteshbhai jumped into action. He mentions that, in the face of this imposition of VAT, he made his way to Gandhinagar, the capital of Gujarat, to meet the finance minister. The finance minister at the time was Saurabh Patel, who was incidentally the MLA from Botad and whose first election campaign in the late 1990s was managed by Jiteshbhai himself. Activating his political connections, he mentions how he requested Saurabh Patel to take back this decision, even making a presentation to the state's Sales Tax Commissioner, who was in charge of implementing this new tax (Jiteshbhai, 2019, p. 184). He mentions how he wrote letters to the various associations related to the diamond industry in Gujarat, urging them to write letters to the state government. Representatives of more than 35 associations were called for a meeting in Gandhinagar (ibid).

Describing the events of that day and his presentation to the tax officials, Jiteshbhai mentions that after a meeting of all the association representatives in the RSS-affiliated Bharatiya Kisan Sangh office in Gandhinagar, they decided on their key demands and why the diamond industry should be exempt from paying this tax. While presenting these views on behalf of the diamond industry before the tax officials, he stressed that imposing VAT would be a loss-making exercise for the government and would trouble the diamond traders and exporters (Jiteshbhai, 2019, p. 186). Eventually, this matter was brought up before the Chief Minister, Narendra Modi. Recounting this meeting, Jiteshbhai explained that he was accompanied by diamond barons from the city to meet the finance minister and then the CM. He shares an excerpt from this meeting, as noted in his diary on 20.03.06:

> I said [to the Chief Minister that] we have come to draw your attention to the VAT matter. Our submission is not to pay, but even after VAT, the government will not get any revenue from the diamond industry. This is because diamonds are not sold in the local market, as 98 per cent are exported. From this [imposition of VAT], the

> government will get two crores of rupees. To collect such a small amount, the government has to create a substantial administrative structure. (Jiteshbhai, 2019, p. 187)

At the end of the seven-month-long negotiations and mediations, the government decided to postpone the imposition of VAT on diamonds, which was met with relief.

I discuss this episode in detail because it gives us a close view of how figures like Jiteshbhai play this mediating role that protects business interests and provides access to the state and political elites. As I have mentioned earlier, diamond barons and business owners keep the state in good humour and significantly prevent the state from implementing any form of regulation or taxes. As a businessman and prominent Patel figure declared, "Sarkari *kaydaa* [government regulations] of any kind disturb the diamond industry. It is best not to have these [government-related] lafda [problems] here. That is why the diamond industry thrives, and there is cooperation from politicians.".[167] However, this only occurs with the vital role played by figures like Jiteshbhai, who carry out the political work of mediation between businesses and the state at various levels.

By using this case study, I therefore bring into focus another modality through which the provincial business class embeds itself in politics. The vignettes discussed above demonstrate how Jiteshbhai's political interventions help keep state regulations and taxes at bay, thereby protecting the interests of the diamond industry in Surat. This mediation underscores the intertwined nature of business and politics in the city, with business interests being lodged within the state through the efforts of influential business politicians like Jiteshbhai.

Therefore, the not-so-quiet politics of the provincial business class are aimed at shaping the implementation of policy and interventions of the state via collective action. They also include direct participation and dominance over the city's electoral domain of politics. However, the presence of figures like Jiteshbhai does not mean that all forms of business interests are secured.

[167] Interview with Girish B., Varacha Co-operative Bank BoD Member, Surat, 5 April 2022.

There are numerous instances where broader policy-level decisions, especially at the level of the Union Government, have adversely affected businesses. This point has emerged more prominently over the past decade with the passage of the Goods and Services Tax, for instance, and will be discussed in more detail in the next chapter. However, this section and the rest of the chapter have attempted to capture the prominent presence and influence that the provincial business class continues to exercise through its diverse ways of engaging the state and its dominant presence in the city's political life.

5. Conclusion

In this chapter, I have examined the second research question guiding this thesis. That is to explore how the provincial business class engages in politics and the state. In Section 2, I demonstrated how the collectivised and associational politics of the provincial business class are structured by a three-tiered set of business associations that wield significant influence. These associations serve as representatives on business-related matters and play a regulatory role by addressing commercial disputes and managing shared resources. These business associations also strategically shape state intervention in the economy through a dual engagement approach. While they resist regulatory measures on taxes, labour, and wages, they actively seek state support for initiatives that benefit their business interests, such as subsidies and sector-specific support schemes, such as the Textile Upgradation Fund Scheme (TUFS).

The other aspect of what I call the not-so-quiet politics of the provincial business class is its direct participation in the city's electoral politics. The overwhelming presence of businesspersons as elected representatives is documented and explained by the structural features of the electoral system, with money, caste, and access ensuring that businesspersons dominate the electoral domain. Notably, business interests in real estate, textiles, and diamonds penetrate the state closely through quid pro quo arrangements between businesspersons and politicians. This notably gives the politics of business its public, not-so-quiet character.

Further, I use the case study of one such businessman-politician to substantiate this point. Outlining Jiteshbhai's life story and journey from a *ratnakalakar* to a Minister, I provide an example of how businessmen have moved into politics, emphasising the role of networks of caste and commerce in making these transitions. We also get a sense of how involved some of the diamond barons and builders are, something that comes through in Jiteshbhai's retelling of how he was asked to run an RSS-affiliated organisation or to contest for the BJP for the first time. In spotlighting some of his interventions, I characterise his role as a mediator and facilitator of business interests tied to the diamond industry. As the vignettes discussed reveal, figures like Jiteshbhai operate at the cross-sections of several networks and channels, such as the party, the Saurashtra Patel community, and the diamond industry. These channels and networks tie together the worlds of business and politics in the city, with figures like Jiteshbhai acting as crucial in-betweeners.

Lastly, this chapter complements the discussion in the previous chapters that draw links between economic and social power, as seen in the case of the Saurashtra Patels. This chapter centres on a collective politics through which provincial capital, as a social class, establishes itself in positions of influence, especially vis-à-vis the state. In the next chapter, I explore a different subset of this politics by examining the proximity between the provincial business class and the dominant party-political formation in the city and Gujarat, the Hindu Nationalist Bharatiya Janata Party.

7

Moditva, Dhanda & Danda

The Enduring Compact between Business and the BJP

1. Introduction

As mentioned in Chapter 3, the city's politics has been dominated by the Bharatiya Janata Party (BJP) since the 1990s, with all the MLAs and MPs from the city and an overwhelming number of municipal councillors belonging to the BJP. In my interviews with businessmen, there was almost a near unanimous response regarding their party-political affiliation. All of them placed their trust in the BJP. There is also a more extended history of the provincial business classes' support for the BJP and the Jan Sangh, as I discuss in the introductory chapter of this thesis. In exploring why the city's provincial business class aligns with the BJP, this discussion is set against the contemporary backdrop of economic uncertainty and agitations.

Over the past decade, Surat has witnessed two significant agitations with active participation from large segments of the provincial business class. The first was the Patel agitations demanding reservation in 2015-16, and the second was the agitations of textile business owners against the imposition of the Goods and Services Tax (GST) in 2017. These agitations have underscored the growing schisms generated by the political-economic model that successive BJP governments have implemented since the 2000s. Macro political-economy dynamics, such as the gradual decentring

of the provincial businesses from the BJP's priorities, as opposed to the increasing priority given to big businesses, have adversely affected the interests of the provincial business class in Gujarat and Surat (Jaffrelot, 2019). Despite these agitations and the potential political fallouts for the BJP, the party has continued to win all the seats from Surat in the 2017 and 2022 state elections (as well as the 2019 and 2024 Lok Sabha elections). Importantly, it continues to draw overwhelming support from the city's provincial business class. This generates a puzzle around which the chapter is framed and helps to understand the party-political linkages of the city's provincial business class.

Three interrelated dimensions or reasons structure this enduring political compact between the provincial business class and the BJP. First, the everyday nature of Hindutva, as an ideological form that has taken deep root in Gujarat since the BJP's rise to power, shapes the political choices and worldview of businessmen in the city. Added to this is the allure of Narendra Modi, which combines the affective pull towards a pro-business, populist strongman with the ideological framings of Hindutva. This is encapsulated by the term *Moditva*.

The second reason is the clientelist relations between the city's businesspersons and key political figures within the BJP. I highlight the role of a political strongman in keeping businesses happy. If the last chapter explored the role that a political figure like Jiteshbhai plays vis-à-vis the diamond cluster and the Saurashtra Patels, turning to the role of perhaps the most important figure in the BJP, I show how his links and quid pro quo relations with the businessmen in the city are used to sustain this compact. Further, I argue that given the macro-political-economic context in which access to policy spaces has gradually reduced for provincial businesses (Chandra, 2020; Naseemullah, 2020; Wyatt, 2023), the members of the provincial business class in Surat have increasingly relied on their personalised relations with key political elites to protect their *Dhanda* (business).

This brings me to the third reason: the strategy of control and coercion that the BJP exercises to maintain the compact and its dominance over the city's businesspersons. Scholars have noted the increasing sense of fear and the use of coercion in the relations between a dominant party like the

BJP and businesspersons under the Modi regime (Rajshekhar, 2020; Wyatt, 2023). For instance, in the recent revelations around the electoral bond scheme[168], it was widely reported that private companies under the scanner of tax and investigative agencies like the Enforcement Directorate often donated large sums of money to the BJP. The reasonable assumption is that this was a form of arm-twisting tactic used by the party to generate funds (Madhav et al., 2024). Zooming in on Surat's local politics, I provide a granular account of how the BJP has deployed such a modality of control and coercion to keep businesses in line. I thus point to the threat of *danda* (or coercion) as the third key reason why the provincial business class continues to be an enduring supporter of the BJP in the contemporary period.

The rest of the chapter is organised as follows: I begin by describing the specificities of the contemporary agitations in the city and the wider economic slowdowns triggered by the imposition of demonetisation and GST. While laying out the political-economic context, I place the central puzzle generated by these developments. After that, in Section 3, I extensively discuss each of the three reasons listed above that help explain the endurance of the compact between provincial capital and Hindu Nationalist politics.

2. Agitations Amidst Economic Uncertainty and a Threat to the Compact

Since 2015, there have been growing rumblings in the political life of the city, which have been connected to a rising feeling of economic uncertainty. These have manifested in the form of two unprecedented agitations that have rocked the city in the recent past. First, there were agitations by the Patels demanding OBC reservations in 2015-16. These protests involved massive mobilisations of Patels across Gujarat. Surat emerged as one of the hotbeds of this protest, owing to the large number of Saurashtra Patels in the city. Textile traders and businesses led the other agitation against imposing goods and services tax (GST) in July-August 2017. This section sets out this context and its political-economic implications. While describing the outbreak of these

[168] Electoral bonds were financial instruments introduced by the Modi-led central government in 2018 to formalise the funding of political parties. In February 2024, the Supreme Court declared them invalid.

agitations, I highlight the underlying political and economic shifts and problems that have led to these implosions. Focusing on this short period, marked by economic uncertainties and agitations, I place the puzzle–the enduring support of the BJP amongst the provincial business class–around which the subsequent sections of this chapter are framed.

Patel Agitations for Reservations

The Patel agitation first emerged in north Gujarat in 2015 when 22-year-old Hardik Patel and his associates, belonging to a largely unknown Patel organisation called the Sardar Patel Group, began to agitate over the issue of OBC reservation for Patels. The turning point for this movement, according to Hardik Patel, who quickly became the face of the movement, was the violence unleashed on the protesters. According to Hardik, "After we organised a huge rally in North Gujarat demanding reservations for Patel youth, there was police violence against members of the community. The news of the brutality of these government actions spread across the state."[169] In a short time, the Patel agitations had spread rapidly across the state, with large gatherings and demonstrations taking place throughout Gujarat.

Surat emerged as one of the centres for these agitations, with many Saurashtra Patels in the city joining it. Young Patels, some of whom I interviewed, started to organise members of the Patel community in the numerous housing societies in the city's northwest. At the same time, they keenly followed what was happening in the rest of the state. One of the organisers of the agitation in Surat, Dharmik, admitted to me that he had no idea about the difference between "general" and "reserved" categories but found out about them through conversations with friends and via WhatsApp messages. The issue resonated with him, as he thought that it was an injustice that Patel boys like him, belonging to the "lower middle class", were not getting opportunities to enter government colleges, institutes or jobs.[170] With the agitation and the issues it was raising, connecting with young men like Dharmik, they were now agitating against the BJP government,

[169] Interview with Hardik P., Politician, Ahmedabad, 9 March 2022.

[170] Interview with Dharmik, Politician, Surat, 19 April 2022.

becoming members of the Patidar Anamat Andolan Samiti (PAAS) in Surat. This umbrella body was now coordinating this state-wide agitation as massive protest marches and public meetings were organised across the Patel-dominated areas of the city.

The ripples of the agitation also reached the diamond markets. Under pressure from the increasing support the agitation was receiving amongst the Saurashtra Patels in the city, the Surat Diamond Association (SDA) publicly declared that they wanted an amicable solution to the issues being raised by their fellow community members, even siding with PAAS's demand for reservations for Patels. Patel diamond traders and workshop owners were also mobilised, and a massive rally was organised from the different diamond markets and congregations at Mangadh Chowk, at the heart of the city's diamond trading district. Opposing the violence and police cases being slapped on fellow Patels, diamond traders and processing unit owners went on strike, demonstrating the broad reach of these agitations (Thomas & Bhatt, 2015).

At the end of July, Patel power was asserted with full force and displayed on the streets of Surat. With over 400,000 people turning up for a mass rally from Dharuka College, in the heart of the Patel-dominated Varacha road, to the collector's office in the city centre, the agitation was viewed as Patels taking the streets to reassert their power in the city, as one of my respondents and a long-time city-based journalist observed.[171] To diffuse this situation, numerous meetings occurred between the protestors, Patel business elites and the government. These mediations revealed how the government mobilised the Patel business owners, who were associated primarily with the city's diamond and real estate sectors and with connections in Saurashtra.

These negotiations highlighted the political importance of the Patel businessmen. As I have mapped in the previous chapters, Patel businessmen are deeply embedded in the community's social and political life. The Patel business elites' ability to mobilise large numbers of their community has been a source of their political capital, many of whom have risen to become influential figures in the BJP. With the Patel agitations turning against the BJP across Gujarat, it

[171] Interview with Suresh V., Journalist, Surat, November 2022.

threatened to upend the stable political relations between the Patel business elites and the BJP in Surat. The BJP and its Patel leaders mobilised Patel businessmen to intervene, as several prominent Patel businessmen from the city engaged in dialogues with the Patel youth to quell the protests.[172] They also got in touch with fellow businessmen and community figures in Saurashtra, such as Naresh Patel, an industrialist and chairman of the Shree Khodaldam Trust, an important religious-cum-caste body for the Saurashtra Patels living in Surat.[173]

While the agitations on the streets waned by September, the political fallout was evident in the Surat Municipal Corporation elections in November 2015. For the BJP, these agitations led to electoral losses in local elections in the Patel-dominated areas in 2015. The party lost 22 seats, from 98 to 76, in the 136-member SMC house. Most of these lost seats (21) were from the Patel-dominated areas in the northeast of the city. These electoral trends also indicated that the 2017 state elections would be challenging for the BJP (Jeelani & Dave, 2017; PTI, 2017; TNN, 2017). This was further compounded by protests against the imposition of the Goods and Services Tax (GST) in July-August 2017.

Anti-GST Agitations

On 1 July 2017, Narendra Modi announced the implementation of the Goods and Services Tax (GST). This tax would replace the taxes levied separately on goods and services, such as sales tax, value-added tax, and excise duty, levied at different rates by various state governments. Theoretically, the GST aimed to harmonise multiple taxes into a single tax structure uniformly applicable across the country. However, in the run-up to its implementation, considerable uncertainty loomed large in Surat's urban economy, which has historically escaped similar taxes that were attempted to be imposed earlier, like the Value Added Tax (VAT). The implementation of GST raised serious concerns in the two key clusters. In the diamond cluster, diamond businesses were worried that the imposition of GST would involve high compliance costs and, more

[172] Interview with Suresh V., Journalist, Surat, November 2022.

[173] Interview with Dharmik, Politician, Surat, 19 April 2022.

importantly, an intervention by tax authorities, which was always viewed with suspicion. In the textile cluster, which primarily catered to the domestic market and did not have the means to escape the tax, as export firms (in diamonds) could, GST was viewed as a significant disruption to a fundamental part of Surat's economy: Its informalised and tax-evading ways of operating that had propelled the city's economic transformation.

These uncertainties eventually sparked agitations in the textile cluster of Surat, primarily led by the textile traders. With the news spreading that GST would be implemented on the entire textile value chain, Surat's textile traders were out on the streets. In the middle of June 2017, textile traders in Surat decided to protest the imposition of GST. Traders were out on the streets in large numbers and called for an indefinite strike across all the city's textile markets in mid-June. Traders desperately called upon political leaders in the BJP, in the city, in Gujarat and Delhi, and met the textile and finance ministers to plead their case (Dhar, 2017a). With these backchannel talks not working out, the movement intensified with Ritesh S–a textile trader from Rajasthan who had come to Surat in the late 1990s to join the booming textile industry in the city–sitting on a 17-day hunger strike, and the markets declaring an indefinite shutdown. It was an instance where traders and textile businessmen operating the power looms and processing houses came together to protest this move that potentially affected small, medium and even large-sized businesses operating in the informalised textile cluster in the city (Rajshekhar, 2017a).

With the GST coming into force by July, textile markets, power loom units, and dyeing and processing mills ground to a halt because of the strikes, with the production of fibres dropping to less than 10 per cent and a large number of workers also being laid off (Saiyed, 2017). As the mobilisation of traders and businesses swelled, senior government ministers and leaders from the BJP were sent to Surat for talks with members of a socio-economic group largely viewed as core supporters of the BJP. Despite numerous rounds of dialogues, rallies and a month-long strike in the textile markets, there was no deferral in implementing GST on textiles. To traders, whose

demands remained unheard, this decision by a party they wholeheartedly supported was considered a betrayal.[174]

These agitations, like the Patel agitations, pointed to a potential political fallout for the BJP, given that the agitations took place in an election year (Bhattacharya, 2017). At the height of the agitation, there were reports that posters were displayed across different textile markets, indicating simmering anger against the BJP (Dhar 2017b). Further, in the run-up to the Gujarat elections in 2017, one of the prominent figures of the agitation, Tarachand Kasat, a longtime member of the Surat BJP unit's executive committee, resigned from the party. In an interview with journalists, Mr Kasat stated, "We [traders] have supported the BJP for 22 years. We gave them our vote, support, notes, everything… But last year [2016-17] has been very bitter, first with demonetisation and then GST" (Dhar 2017b). The implementation of GST was seen as a betrayal and pointed to a possible fracture in the support that the BJP enjoyed amongst the textile businessmen in the city.

A Threat to the Compact (?)

As I was reminded in several interviews, for a city that prided itself on being free of agitations, these two agitations brought to light simmering political and economic uncertainties and fissures. During fieldwork in 2021-2022, there was an atmosphere of gloom in the city's markets and among businessmen. While the impact of the pandemic was still being felt, businessmen primarily referred to the shocks of demonetisation and the GST as the reasons for the protracted economic slowdown in a city that has been accustomed to high economic growth since the 1980s. The impact of policies like demonetisation and GST also played a part in compounding Patel anger. It must be mentioned here that many Patel business owners have diversified heavily into power looms and embroidery units since the 2010s, as diamonds have become less lucrative. The imposition of the GST meant that not just those communities traditionally associated with the textile industry – Marwaris, Khatris, Ranas, Modh Vaniks—but also the Saurashtra Patel textile business owners

[174] Interview with Champalal, Textile trader, Surat, 2 December 2022.

were adversely affected (Phukan, 2017). Economic uncertainties, thus, become a widely shared sentiment amongst the members of the provincial business class.

While expressing hope that the economic uncertainties of the recent past will be resolved soon, many of my respondents pointed out that there was a general sentiment of *mandi* or slowdown in the markets and different sectors. A tax official, for instance, explained how the scores of real estate properties that were built between 2009 and 2015, as a form of diversification by Patel business owners with connections to the diamond industry (discussed in Chapter 4), remained unsold as the property markets had gone into a glut. He said, "The money made before 2016 started to dry up after the triple impact of demonetisation, GST and the pandemic. While bookings for luxury flats rapidly picked up after *Notebandi* (demonetisation), remaining payments on these properties since then have stopped".[175] Data from the Surat Municipal Corporation shows that the number of building projects executed after receiving approval from the corporation fell from 145 to 43 between 2017 and 2019 (TNN, 2019).

Similarly, surveys point to the adverse effects of demonetisation and GST on the decentralised textile cluster. For instance, a Federation of Surat Textile Traders Association (FOSTTA) survey revealed that following the implementation of GST, the annual production of fabric fell from over four crore metres to 2.5 crore metres between 2017 and 2018. It was also reported that the number of power looms in the city had decreased by over 1 lakh, many of which were sold off in the scrap market (Umarji, 2022). Academic studies on the impact of GST on Surat's textile cluster also concluded that implementing GST had led to declining profits for small and medium-sized firms operating in these clusters, resulting in wage cuts, worker retrenchments and even closures (Ghosh, 2022).

Traders and power loom owners pointed to how the textile sector in Surat was moving towards consolidating the market around a few big players, as "only those with capital could survive in this

[175] Interview with Suraj S., IRS official, Surat, 1 December 2022.

context".[176] A study on the impact of GST on the textile cluster corroborates how this adverse trickle-down effect of GST imposition has been taking place in textile clusters like Surat. Given the requirement for firms to register on the GST portal and comply with all the tax-related compliances, business transactions between firms cannot occur if firms are not registered with the GST network. This cumbersome requirement has meant that larger firms are unwilling to enter into subcontracting arrangements or contracts with unregistered dealers. This potentially limits market access for unregistered dealers or forces them to register under GST. The impact of this is additional compliance costs and, consequently, a lower profit margin for these firms (Ghosh, 2022, p. 153). While the GST imposition disproportionately affected smaller businesses, it also indirectly harmed medium and large firms. This was because these firms are closely linked to small and medium-sized companies, as they are the primary buyers of their products and services. A journalist tracking the impact of GST in Surat's textile cluster would bluntly state, "GST has adversely hit the entire cluster, including larger firms, as costs have gone up and demand has collapsed".[177]

Compounding this, another issue that created problems for textile businesses, mainly medium and larger-sized ones, was that input prices of critical raw materials, such as polyester chips, had kept increasing. This has been the outcome of policy-level decisions made at the apex, reflecting the growing schism between corporate businesses and conglomerates and the provincial segment of business operating in India's synthetic textile industry. To elaborate, with cheaper Chinese-made synthetic fabrics entering the Indian market in 2015, textile businesses in Surat demanded that anti-dumping duties be imposed on them. This demand was made to reduce the price difference and enable textile businesses to compete with these Chinese products. However, this demand, articulated by industry bodies and associations like the SGCCI, was ignored by the Union government. Instead, the government imposed duties on the import of polyester chips and yarn, benefiting large corporations like the Reliance group, which manufactures polyester chips at the expense of the power loom owners in cities like Surat. As a result, Reliance ended up consolidating

[176] Interview with Ajay, Textile trader, Surat, 1 December 2021.

[177] Interview with M Rajshekhar, Journalist, 12 February 2021.

the polyester chip market, forcing yarn manufacturers in Surat to purchase polyester chips from Reliance, even at higher costs, despite their opposition (Rajshekhar, 2022, pp. 187–188). In 2020, under pressure from textile businesses, the Union Government proposed to retract this move, only to be challenged by Reliance in the Gujarat High Court, which upheld this anti-dumping duty.[178]

This brings me to the political dimension of the decision to impose GST despite the pushback. Unlike previous occasions, as discussed in Chapter 6, the failure of textile traders and businessmen, along with their collective bodies like the SGCCI, to prevent the implementation of GST using their connections with the BJP at various levels indicated the diminishing political capacity of the provincial business class to influence policy decisions at the top. This sentiment is reflected in the statements made by an executive member of SGCCI, who stated, "We do not have a way to reach the policymakers in Delhi" (Rajshekhar 2017a). This confirmed a characteristic of the Modi regime that was evident in Gujarat and is now playing out nationally. As Adnan Naseemullah and others have argued, "[Modi's] 'Gujarat model' constituted active patronage of large-scale, rent-based enterprises and otherwise benign neglect for the provincial bourgeoisie" (Naseemullah, 2020).

From the point of view of the BJP, traditionally a party enjoying support from provincial businesses across urban centres in northern and western India, these policy choices and subsequent agitations highlight a dilemma. The BJP, under Modi, has courted big businesses and pushed for capital-intensive mega projects as its primary targets of economic policymaking and growth. In contrast, the provincial business class, its traditional support base, has been neglected (Chandra, 2020; Damodaran, 2017; Naseemullah, 2020). A long-time observer of business-politics relations in India, Harish Damodaran, thus perceptively noted that "Modi's BJP may be alienating the *vyapari* [trader] as it courts Big Capital and the underclass" (Damodaran, 2017). Consequently, these agitations have pried open long-term political-economy trends, with large sections of the city's

[178] Recently, in July 2024, the Supreme Court took up this case and reversed the order passed by the Gujarat High Court (Mishra, 2024).

provincial business class –textile business owners, builders and diamond business owners- showing disgruntlement towards the BJP.

Elections in the city since 2017 have thus become a test for the BJP on whether it continues to draw support from the city's provincial business class. The Congress Party, sensing an opportunity, actively attempted to court these disgruntled sections: the Patels and the textile business owners. During the elections of 2017, an informal alliance was struck with members of the PAAS, who had led the Patel agitations and had emerged as an influential group in Gujarat's political landscape.[179] In the Patel-dominated seats–Varacha, Katargram, Surat North and Kamrej–I was told that the BJP could not even enter these areas to campaign. On the other hand, in constituencies like Majura, where many textile traders and businessmen vote, there was also a chance that the Congress would finally upset the BJP due to the agitations and economic uncertainties.[180]

Despite the economic uncertainties and disgruntlement that had threatened to challenge the BJP's dominance, the party went on to win all 12 seats in the city in the 2017 elections. Surat was seen as the bright spot in the BJP's narrow electoral victory in these elections (Purkayastha, 2017). Voting patterns showed that in the 2017 elections, voters from the upper and middle castes and middle- and rich-income groups voted decisively for the BJP. For instance, a class divide was visible in the voting patterns of Patels, with the more well-off voting for the BJP as opposed to the less well-off (Trivedi Centre for Political Data, 2017). In my interactions, most businesspersons also refused to directly answer whether they had continued to vote for the BJP, but they indicated as much. Tracking media reports during the election campaign also corroborates this. While some reaffirmed their unwavering support for Modi, others pointed to Hindutva, while others stated there was no alternative to the BJP (Purkayastha 2017; Tewari 2017; Rajshekhar 2017c; Johari, 2017).

[179] Interview with Dharmik, Politician, Surat, 19 April 2022.

[180] Interview with Suresh V., Journalist, Surat, December 2022.

In the post-2017 period, the economic situation in the city remained uncertain, further compounded by the COVID-19 outbreak in 2020-21. However, the agitations witnessed in 2015 and 2017 have not reappeared, while the BJP has continued to dominate the city's politics. While the Aam Aadmi Party replaced the Congress as the key opposition party in 2022, positioning itself as the party that articulated these problems, the BJP won all the seats in the 2022 elections. It won all ten seats in the city, with over fifty per cent of the vote share (Table 7.1). The BJP would also sweep the Patel-dominated seats like Varacha, Katargam and Surat North. The key reasons for this was the deliberate strategy of the BJP in keeping the Patel business elites involved within the community, as discussed in Chapter 5, close to the party and the implementation of the 10 per cent reservation for the Economically Weaker Sections (EWS), which introduced an income based criteria for reservation in government jobs and educational. This policy decision would first be introduced in Gujarat, with the Narendra Modi government later making it a nationwide policy, which would also be upheld by the Supreme Court just before the 2022 Gujarat elections (Ramaseshan, 2022).

Table 7.1: Vote Share of Winners, 2022 Gujarat Election

Constituency	Vote % of Winner
Varacha	55.1
Katargram	58.2
Majura	81.9
Udhna	63.1
Surat West	73.7
Limbayat	53.4
Kamrej	56
Karanj	67.6
Surat North	59.1
Surat East	52.4

Source: Election Commission of India

Therefore, starting with the Patel agitations in 2015 and extending to the anti-GST protests in 2017, all of which occurred against a backdrop of rising economic uncertainty and slowdown, the party-political affiliations of the provincial business class have become a topic of examination in elections since 2017. This marks a period of churn in a city that has experienced a durable compact between provincial business owners, who play an outsized role in the city's political life, and the BJP. As noted in previous chapters, this compact was initially forged in the 1980s and early 1990s following political developments in Gujarat, such as the collapse of the KHAM social coalition and the rise of the BJP, riding a wave of communal and caste violence. In Sura specifically, events like the riots of 1992-93 and the threat of unionisation in the textile industry solidified the BJP's political dominance. Only in the past decade have these agitations emphasised the need to reconsider this compact and its workings. The BJP's dominance during this period of economic uncertainty and political pushback poses a puzzle. How does the BJP continue to draw support from the city's provincial businesses despite economic shocks, uncertainties, and potential displacement within the BJP and its government's political-economic priorities?

3. *Moditva, Dhanda (Business) & Danda* (Coercion): What Explains the Compact

To unpack this puzzle of political dominance amidst economic uncertainty, I examine the compact between the city's provincial businesses and the BJP that endures in the contemporary period. I discuss the long-term and everyday processes, practices, and personalities that constantly rework and curate this enduring political proximity between the city's provincial business class and the BJP. This is a triad of emerging factors, each intersecting with the others to keep this compact intact. First, and perhaps most importantly, is the allure of *Moditva*, which includes the combined affinities of a figure like Narendra Modi and the ideological tropes of Hindutva. Second is the role of the city strongman and the clientelist relations between him and the city's provincial business class. This ensures that even as the upper echelons of policymaking and the influence of businessmen have declined, their interests are served through their ties to influential political figures. Third, and often overlooked, is the coercive set of practices that allows the BJP to control

a significant part of the provincial business class and its political affiliations. In the rest of this section, I discuss each of these in detail.

The Allure of *Moditva*

Historically, the proximity between the business classes in Gujarat—mostly belonging to the upper and dominant caste groups like the Vaniyas, Brahmins and Patels— and Hindutva has been explained by the religious and cultural affinities between these social groups and classes and the project of Hindutva, centred on its Brahmanical version of Hinduism as the basis for political power and root-and-branch change of India into a Hindu nation (Desai, 2011; Sanghvi, 1995; Sud, 2008; Tambs-Lyche, 2011). Harald Tambs-Lyche (2011), for instance, argued that the specific cultural and ideological form of Hinduism in Gujarat, with its stress on purity and drawing on the ritualistic practices of the merchant castes, was receptive to the Hindutva project (Tambs-Lyche 2011). Further, discursive and ideological tropes of the Hindu Nationalist project —such as its caste-ordered idea of Hinduism and practices associated with it, its deep anti-Muslim rhetoric, and a distrust of the state when it comes to the regulation of the economy— have also been pointed out as the ideological glue to this compact of business and Hindutva in Gujarat (Jaffrelot 2024, pp. 206-207).

Building on this, I provide a closer view of how the provincial business class in Surat is nestled in what I describe as a "Hindutva habitus". Pierre Bourdieu's notion of habitus denotes the process through which wider socialities structure an individual's social actions. That is, habitus is composed of structures and practices of socialisation which are constructed, evolving, and transferable across various social fields (Wacquant, 2016). In Surat, where the BJP has been the dominant political force since the late 1980s, the ideological frame of Hindutva has congealed into an everyday, normalised and commonsensical part of the social lives of businessmen and others in Surat. This is not unique to Surat and is widespread across urban spaces in India, such as Aurangabad in neighbouring Maharashtra, as Thomas Blom Hansen (2022), in his long-term research, has also documented.

The crystallisation of everyday Hindutva has occurred over time, growing with the ascendance and dominance of the BJP in Gujarat's political life. The city's communal fault lines and Hindutva's pervasiveness can be traced back to the riots of 1992-93. As discussed in the context of the city's political history in Chapter 3, these riots took place against the backdrop of the Babri Masjid demolition. With unprecedented levels of communal violence taking place in a city that had remained peaceful since the late 1950s, the aftereffects of this implosion were felt in all walks of life. For instance, the city's older neighbourhoods started to witness sharp segregation of its Hindu and Muslim populations following the riots.[181] Electorally, as the BJP established its dominance in this period, the Sangh parivar[182] also entrenched itself in the socio-cultural life of the city, with full government support and businessmen actively participating and supporting their activities.

In interactions with the city's businessmen, I observed that Hindutva organisations and discourses are ubiquitous in their lives. For instance, an executive committee member of the Surat Diamond Association and a Patel businessman I interviewed shared how he had been a long-time Vishwa Hindu Parishad (VHP) member. Joining the VHP in the mid-1980s, when it was spearheading the Ramjanmabhoomi movement, this Patel diamond business owner expressed that this movement inspired him. He has actively participated in all the VHP's activities in the city since then, even holding the position of Treasurer of the VHP's Gujarat unit.[183] It is therefore not surprising that when the consecration ceremony of the idol of Ram took place in Ayodhya in January 2024, the SDA organised a live-streaming event of this programme, with the office being adorned with slogans of Jai Shri Ram and other paraphernalia. Similar gatherings took place across Surat, such

[181] Interview with Suresh V., Journalist, Surat, 23 November 2022.

[182] Espousing the ideological project of Hindutva, the Sangh Parivar comprises a range of organisations, at the apex of which lies the Rashtriya Swayamsevak Sangh (RSS), the ideological-organisational fountainhead of the movement. The Parivar comprises several organisations and fronts, including the most prominent one: the Bharatiya Janata Party (BJP), its electoral front. Other key organisations include the student wing, ABVP, the ecclesiastical wing, the VHP, and scores from similar organisations. All networks align with the ideological tenets of undertaking a root and branch socio-political, fascistic transformation of India into a Hindu nation.

[183] Interview with Prabhat N., GJEPC-Surat official, Surat, 2 December 2021.

as in Kiran Hospital, that is run by the Patel business owners in the city, as discussed in Chapter 5.

The links between business and Hindutva are often made through charity or *sevā*. *Sevā* has been a significant building block of Hindu Nationalism. It has been positioned as a bridge that connects the wealthy to the cause of the movement, with the act of *sevā* being christened as an act of "selfless devotion" by one of the founding figures of Hindutva, K.B. Hedgewar (Anderson 2024, p. 151). A rich body of scholarship on Hindu Nationalism and its workings has pointed to the central role of sevā or charity as an effective strategy for establishing a foundation for Hindutva, especially in Gujarat (Jaffrelot 2005; Simpson, 2014). As Jaffrelot (2005) points out in his essay on this strategy of sevā, such practices help secure the goodwill and patronage of various government bodies and philanthropists (Jaffrelot, 2005, p. 221). It therefore also serves as another bridging link, one that is evident in Surat.

In the city, while *sevā,* or charity, is a valuable medium for converting capital and earning social distinction, it also serves as a bridge between the provincial business class and the world of Hindutva. For instance, Patel businessmen support the activities of the Swaminarayan sect in the name of *sevā*, as discussed previously on the charitable practices of the Patel businessmen covered in Chapter 5. Diamond barons, who also became a nominated Member of Parliament from the BJP, have long associated themselves with the BAPS and figures like P.P. Swami, who are close associates of the Hindu Nationalist cause and its rhizomatic networks. More recently, and as observed during my field research, local media reported how a prominent diamond baron contributed 11 crores towards the construction of the Ram Mandir in Ayodhya. The donation was made at a public event held at the Vishwa Hindu Parishad (VHP) office in Surat in January 2021, with some of the leading textile builders also contributing to the temple's construction (Ghanghar, 2021). Businessmen across Surat donated small and big amounts to this project, with another business owner I interviewed proudly showing me a photograph of himself donating 11 lakh rupees towards the building of the Ram Mandir in Ayodhya.

Many Hindutva figures are also revered by the city's businessmen, who financially support the organisations run by these figures. One such figure is Sadhvi Rithambara. She is one of the prominent faces of the Ramjanmabhoomi movement in the 1980s and early 1990s, leading up to the Babri Masjid demolition in December 1992, an event deeply etched in the city's socio-political history. Rithambara, a self-proclaimed ascetic or Sadhvi, emerged from the RSS women's wing, the Samiti, and gained recognition as a fiery orator, delivering anti-Muslim rhetoric during the fervent days of the Ramjanmabhoomi movement. Soon after the Babri demolition, Sadhvi Rithambara founded an NGO in Vrindavan, Uttar Pradesh. This organisation aimed to teach the cultural and social values of Hindutva to young girls and women, in addition to training them in various forms of self-defence techniques. Transforming from the fiery Hindutva orator of the 1990s into a motherly figure or "Didi-Maa," as she is referred to, Rithambara enjoys a significant following among businessmen in the city, with many supporting her NGO and organising *Kathas*, a form of public storytelling session on religious and spiritual affairs.

One such businessman, Manish Patel, whose charitable practices I focus on in Chapter 5, mentioned how, as part of his philanthropic activities, such as organising mass marriages for girls who have lost their fathers, "Didi-Maa" was his intellectual and spiritual guide. He said, "Didi-maa is my inspiration. Her work for the samaj and dharma inspires me to undertake these noble acts".[184] Sharing a booklet about his charitable activities and pointing out the section on Sadhvi Rithambara, he shared how he takes the girls participating in the mass marriages to Vatsalya Gram each year. In these 12-day camps, organised and financed by him, Sadhvi Rithambara addresses these girls on various aspects of "married lives", self-defence, yoga and Sanatan Dharma.[185] On several occasions, he has invited Sadhvi Rithambara to "honour" the mass wedding he organises. Manish has also organised *Kathas* (public congregations addressed by religious and spiritual figures) by the Sadhvi. This organisation of these Kathas has attracted the who's who of the city's business and

[184] Interview with Manish Patel, Businessman, Surat, 21 April 2022.

[185] Ibid.

political elites. These events have provided opportunities for political leaders, businessmen, and members of the Sangh Parivar to interact and socialise with one another.

While my distanced positionality in relation to the businessmen did not allow me to explore the full extent of how Hindutva organisations and discourses seep into the everyday lives of these businessmen, the examples above are substantive indicators of how the city's businesspersons are active protagonists and consumers of the Hindutva habitus – its networks, discourses, and practices. Several journalistic reports note that it also explains why businessmen continued to root for the BJP despite their economic woes during election time. In one report published during the 2022 elections, a businessman claimed, "BJP's victory here is inevitable because we are a Hindutvawadi public. We will go hungry one day, but we will rejoice that at least the Ram-ji temple has been built." (Saikia, 2022) Such is the pull of Hindutva that even parties like the AAP or the Congress position themselves as adherents of Hindutva, as an AAP MLA candidate confessed to this journalist (ibid).

If the Hindutva habitus has, over a long period, embedded and shaped the political subjectivities of the city's businessmen, the figure of Narendra Modi further acts as an ideological anchor point. Since Modi's rise to dominance in Gujarat and beyond, there has been a gradual congealment of Hindutva with the cult of Modi as the populist strongman, evolving into what scholars and commentators have termed "Moditva" (Jaffrelot, 2024). "Moditva" has been defined as a form of national-populist politics employed by Modi that combines the ideological repertoire of Hindu nationalism with a personalised and centralised repertoire of politics embodied in the figure of a charismatic leader like Modi (Jaffrelot, 2024, p. 155).

In an early indication of how the city's provincial business class started to coalesce around Modi, we have to go back to the aftermath of the Gujarat pogrom in 2002 and the role that the state's business bodies and prominent industrialists played.[186] Following the pogrom of 2002, it is a well-

[186] The Gujarat riots of 2002 refers to the unprecedented violence that took place in February-March 2002, primarily in Ahmedabad. The violence consumed the lives of more than 2000 people, a large majority of which were Muslim, and significant number of Hindu, residents of the city (Ghaseem-Facahandi, 2012).

documented episode of how Gujarat's top industrialists and businessmen within the CII rallied behind Modi using the platform of the Gujarat Chamber of Commerce (Jaffrelot, 2024, p. 125; Sud, 2022, p. 112). The Southern Gujarat Chamber of Commerce and Industry (SGCCI) followed suit in Surat. During this period following the pogrom, when the national media and some members of Corporate India reprimanded the Modi government for its role, the SGCCI publicly aligned itself with the pro-Modi business groups and business personalities from Gujarat. The Chamber also defended the actions of the Modi government, shooting off letters to the CII to register its protest against comments made by the CII concerning the Modi-led Gujarat government (TNN, 2003). It was an instance where the "neutral" SGCCI displayed its partisan affiliation in the garb of protecting the business image of Surat and Gujarat.[187]

While this was an early instance of the alignment between businessmen and Modi, their close ties only deepened with time. Scholars who have studied Modi's political trajectory since his time as Gujarat chief minister have underlined how Gujarat's upper and middle classes have been his most vocal supporters (Jaffrelot, 2024; Murali, 2017; Sud, 2022). This is reflected in electoral results between 2002 and 2012, when Modi won three successive elections. While his (big) business-friendly policies sustained high economic growth rates in Gujarat, this helped him meticulously re-package his image as the *vikaspurush* or the development man (Sud, 2022, pp. 110–112). This repackaging was carefully executed, particularly in the aftermath of 2002, to reinforce the support of Gujarat's upper-class, upper-caste population, which intersected with the business classes in towns and cities like Surat.

Among such target groups and eventual converts were the businessmen I encountered in Surat. The support for Modi among these businessmen ranges from private praises of him to public displays of support, often intended to attract headlines and gain the notice of party leaders. During my visit to the offices of several businessmen in Surat, I noticed a recurring presence that stood out in many of these offices: the portrait of Narendra Modi or a photograph depicting the businessman I was interviewing, awarding him or celebrating a social occasion, such as the wedding

[187] Interview with Suresh V., Journalist, Surat, 23 November 2022.

of a son or daughter. As one journalist noted, "There is a rush [amongst the businesspersons] to please the political class in the city. Showing their connection to Modi ji is very important." [188]

This strong affinity with Moditva also developed amid the twists of caste politics and factional struggles in the early 2000s. As mentioned in the discussion on Jiteshbhai in the last chapter, the Patel diamond business owners were initially divided over Modi, as he was perceived as someone who had unceremoniously replaced Keshubhai Patel, the Patel strongman from Saurashtra. In fact, during his first visit as Chief Minister in 2001, Modi confessed that, having been in Delhi for many years, he was out of touch with the local issues affecting businessmen in Surat. This gradually changed, as successive electoral victories allowed Modi to establish close ties with the city's diamond barons, textile industrialists, traders, and builders, linked through city-based political elites. Modi proactively wooed the Patel business owners by attending various charitable and social events, including the marriage ceremonies of several diamond barons between 2007 and 2014. As a diamond baron recalled in an interview, Modi fostered a familial relationship with the city's Patel business owners that has persisted even after his elevation as Prime Minister (Savani, 2022).

Another avenue through which this growing closeness between Modi and the Patels developed was through his relationship with the BAPS. As mentioned in Chapter 5, the Swaminarayan sect, notably the BAPS, is hugely influential among the Saurashtra Patels. Patel business owners are key followers and financiers of the sect, which boasts a massive network of temples, schools, hospitals, charities, and more across Gujarat and various parts of Surat. The BAPS has historically been closely aligned with the Hindu Nationalist movement, particularly in Gujarat. For example, in the early 1990s, Hindutva organisations closely collaborated with the BAPS and other religious groups to counter the Narmada Bachao Andolan, which had opposed for many years the construction of dams along the Narmada River, leading to ecological damage and large-scale displacement of people. While the counter-mobilisation against this movement was led by the then-ruling Congress Party and the emerging BJP and a large section of civil society organisations, the active role of Hindutva outfits, in close collaboration with sects like the BAPS, reflected a growing entwinement

[188] Interview with Yogesh, Journalist, Surat, 10 November 2022.

of the two. It was the birth of a coercive Gujarati nativism that would be amenable to Hindutva (Mehta, 2013, pp. 51-53).

Following his parachuting to power in Gujarat in the early 2000s, Modi, who would go on to embody this Gujarati nativism combined with Hindutva (Jaffrelot, 2016), would also quickly establish relations with the influential Patel community through the BAPS. For instance, he would participate in a congregation of religious figures or *sadhus* when the waters of the river Narmada reached Ahmedabad through newly constructed canals. At this event, Modi would join the head of the BAPS, Pramukhswami Maharaj, with the program being telecast widely across Gujarat (Jaffrelot, 2016, p. 203). This would herald a long association between Modi and the BAPS, as he would continually participate in the events organised by the sect and key functionaries of the Hindu Nationalist movement (Jaffrelot, 2016, pp. 203-205).

If his close ties with the BAPS and Hindu nationalist credentials won him over provincial business owners, especially Patels, Modi's time as Chief Minister further cemented this affinity. Businessmen often cited their experiences with Modi as Gujarat's Chief Minister as convincing evidence of his pro-business outlook. As a former president of the SGCCI pointed out, "Modi ensured that infrastructure in cities is built and our ease of doing business improves. Look at Surat; you will understand why Modi and the BJP get so much credit here".[189] Surat's transformation since the outbreak of plague into one of the cleanest cities in India today, as recognised by the Union Ministry for Housing and Urban Affairs (Gogoi, 2024), was the most frequently mentioned example of the impact that the BJP and Modi personally had made for businessmen in the city.

However, amidst this sanitised "development talk", fantastical aspirations and opinions also made their way into our conversations. For instance, believing that Modi's "vision" will help grow Surat and India, a businessman bluntly stated, "One day, a reversal [of migration] will take place. As Muslims take over Europe and America, you will see white people begging on the streets of Surat,

[189] Interview with Chetan S., Former diamond business owner, Surat, 4 March 2022.

which is on a path of development led by Modi ji."[190] This comment, with strikingly racist and anti-Muslim overtones, captures how *Moditva* has found deep roots among the city's businessmen and their worldviews.

Clientelist Ties with the Party Strongman for *Dhanda* (Business)

Since the BJP's rise to power and with Narendra Modi at the helm since the 2000s, successive BJP governments have demonstrated their business-friendly orientation, with the party representing and prioritising the interests of the "upper caste-middle class merchant-trader-builder-small businessman" (Sud, 2007b). Various policy decisions, ranging from liberalising land policies to implementing new industrial policies favouring capital-intensive industrialisation and large corporations, further weakening labour-related laws or pollution-related regulations, established the BJP as the party of business in the state since its rise to power in the 1990s (Hirway et al., 2014; Jaffrelot, 2019; Sud, 2012). From the vantage point of this discussion, I zoom in on the role of political elites and their ties with the city's provincial business class. As discussed in previous chapters, close linkages and clientelist ties exist between businessmen and politicians in Surat. Therefore, when it comes to the proximities between the provincial business class and the BJP, apart from their ideological proximity, the roles of local political actors and quid pro quo arrangements with them represent another critical dimension. I substantiate this point by focusing on the role of Mr Chandra (name changed).

If Kanshiram Rana was the preeminent figure in building the political compact between the city's business class and the BJP in the 1990s and early 2000s, in the contemporary period, he has been replaced by another set of political elites in the BJP. By the late 2000s, the old guard in the Surat BJP, such as Kanshiram Rana, was replaced by Mr Chandra or *Saheb* as he is colloquially referred to. *Saheb* is considered the go-to person for the city's businesspersons, being considered a close confidant of Modi and an influential figure in the Gujarat BJP.

[190] Interview with Ishwarbhai Patel, Businessman, Surat, 1 March, 2022.

Saheb's long-term association with businesses in the city has meant that, when asked about him, businessmen speak highly of him. They keep mentioning how *saheb* has been instrumental in Surat's economic success over the last two decades. One industrialist would mention how *saheb* enforced strict control over the local police and tax authorities so that they did not engage in any unfair practices targeting businesses. He stated, "*Saheb* ensured that no officer or official disturbed businesses here, as they do in other cities. He is in full control".[191] From the perspective of a former bureaucrat at the Gujarat Pollution Control Board (GPCB), the strongman's writ loomed large over their actions. According to her, while businessmen offered petty bribes and gifts to the GPCB officers to keep them in good humour when it came to taking punitive actions, it was *saheb* who had the last word.[192]

The strongman, therefore, sits at the heart of the quid pro quo system between business and politics in the city. As discussed in Chapter 3 and the previous chapter, the city's builders, textile business owners, and diamond barons are engaged in various personalistic and clientelist ties. This is particularly important for them as state policies and regulations formulated at the upper echelons are eventually put in place at these local levels. Cultivating ties with a party strongman is necessary for doing business or *Dhanda* in Surat.

Besides financial help during elections, many of the city's businessmen are also involved in *saheb's* business ventures. Tracking these business transactions and partnerships is difficult as they are often registered under unrecognisable names and layered in complex ways to avoid detection. However, interactions during fieldwork pointed to this. A builder, for instance, shared how his father bailed out the strongman following his arrest in the Diamond Jubilee Bank case. He told me how *saheb* had bought a piece of land on the city's outskirts, near Adajan in West Surat, in the late 1990s. Then, as an emerging political figure in the city, he had taken a loan from the bank to

[191] Interview with Rajeev, Industrialist, Surat, 2 April 2022.

[192] Interview with Prerna, Former bureaucrat, Surat, 25 March 2022.

develop this real estate property, but soon ran into trouble as the project failed to take off. To help him out, this builder's family firm,

> Stepped in and took over the land from him in 2006, helping *Saheb* in this process. Because of our good relations, when we had trouble with one of our projects with the corporation regarding building regulations, *Saheb* helped convince the SMC commissioner to make an exception for us, and the project moved ahead.[193]

In his role in this system of quid pro quo relationships, Mr Chandra ensures he returns the favour. On one occasion, for instance, Mr Chandra, who has long been associated with the real estate "lobby" in the city, used his political weight to direct the Surat Municipal Corporation (SMC) not to respond to Right to Information queries from groups enquiring about issues related to illegal construction, which is rampant in Surat. In his letter to the SMC, he alleged that RTIs about these issues were frivolous and intended to blackmail businessmen and developers. Hence, he "instructed" the SMC and its relevant departments to stop responding to RTIs. This episode revealed that many of the builders and politicians affiliated with the BJP, who had vested interests in these constructions, sought protection from *saheb*.

Similarly, businessmen have banked upon their close ties to Mr Chandra to approach the government and tax authorities, especially after the imposition of GST. For instance, Jiteshbhai, who has strong connections with the city's diamond businesses, shares how, in the aftermath of GST's imposition on diamonds in 2017, there was a demand amongst the diamond business owners to reduce the tax rate from 3 per cent to 0.25 per cent on rough diamonds. Arguing that since this tax will eventually be refunded as diamonds were an export item, diamond business owners met various ministers and bureaucrats in the Gujarat government, including the Union Finance Minister, Arun Jaitley. These negotiations and meetings were facilitated by the contacts of C.R. *saheb*, who has access to these upper levels of the party and government (Jiteshbhai, 2019, pp.

[193] Interview with Vishal Patel, Builder, Surat, 17 February 2022.

197–198). Together, and in close consultation with diamond businessmen, they successfully lobbied the GST council to lower the tax slab on rough diamonds to 0.25 per cent (Umarji, 2017).

During my time in Surat, in December 2021, a proposed increase in taxes on GST was also pushed back with pressure from the Surat textile industry and the intervention of Mr Chandra. The GST Council, headed by the Union Minister for Finance, announced in late November 2021 that GST on textiles would be increased from 5 to 12 per cent from January 1, 2022. In response, the textile cluster in Surat prepared itself for another agitation, demanding that this decision be reversed. Industry bodies like the SGCCI and the different textile associations declared that protests and even strikes would be organised (Express News Service, 2021)if the GST rates were increased. I was told by several respondents, including the president of the SGCCI, that the textile industry was looking at another round of agitations unless the government took this decision back. He said, "There are issues with this new GST tax slab, especially after COVID-19 hit the industry. We have been talking to them [the government] about this issue, and we are certain they will intervene rightly as elections are also coming up next year."[194]

The key politicians from the city, with strong ties to the textile industry, realising that this issue could spiral out of control, especially with elections looming in 2022, would make public announcements in support of the textile industry's demands. The interventions become clear when we look at the minutes of the emergency GST Council meeting on 31 December 2021, a day before the proposed tax increases were to take effect. As the minutes show, an emergency meeting of this council was called after the Gujarat government sent in a letter on 29 December requesting a reconvening of the GST Council –headed by the Government of India's Finance Minister and composed of various Ministers/Members from the States, and officers of the State Government and Central Government. In less than a day's notice, this meeting was called, and a decision was taken to defer this proposal to increase the tax rate, as there was strong opposition from textile

[194] Interview with Abhishek G., SGCCI President, Surat, 6 December 2021.

associations and the state government of Gujarat (GST Council, 2021). Surat's industry bodies and businessmen welcomed the decision to roll back this hike.

The point that needs to be underlined from the above discussion is that, despite the macro-political economy environment where the provincial business class has been largely excluded from the priorities of the Modi regime (Naseemullah, 2020), provincial businesses at the local level have continued to strategically draw on their ties with the BJP's party elites to protect their interests. These ties between the city's businessmen and certain party elites help businesses defend their interests, even if policymaking at the upper levels becomes inaccessible and beyond influence. While the formal channels of collective action— petitions and dialogues conducted by industry and trade bodies— play an important role, it is these informal ties and cultivated political relations with a strongman (and a host of political leaders) that continue to be relied upon by the city's provincial business class for the sake of *Dhanda*. Consequently, it explains what I call the enduring compact.

Control & Coerce: The Threat of *Danda* (Coercion)

I now turn to another dimension of the relationship between the provincial business class and the BJP. Responding to why the BJP has continued to receive the support of the city's business class, a trade union leader working with the diamond workers quipped, "The businessmen are with the BJP because they are scared of the *danda* [coercion]".[195] Throughout my interviews with various respondents regarding this question, what became clear was that as much as ideology (Hindutva) and (business) interests sutured the compact between the provincial business class and the BJP, the propensities for control and the use of coercion by the BJP have also been equally important, as was pointed out to me by this diamond worker union leader.

A key part of this strategy has been to control the city's various business associations. Mr Chandra is known for taking an active interest in ensuring that if an association or body is not aligned with

[195] Interview with Bhavesh, Diamond Workers Union representative, Surat, 8 November 2022.

the government, appropriate steps are taken to regain control. For instance, while on fieldwork, the leadership of the Federation for Surat Textile Traders Association (FOSTTA) underwent a change of guard orchestrated by *Saheb*. FOSTTA is the apex federating body of the 75000-strong textile traders in the city and has representatives from 250 textile markets. Following the announcement of the GST hike in November 2021, as discussed in the previous section, FOSTTA was one of the associations that threatened agitations and made representations to the government.

Interestingly, the then-President of FOSTTA is an active supporter of the BJP, while the General Secretary is an active member of the Congress. However, because of their role over the past few years in supporting and organising protests against the GST in 2017, the FOSTTA executives were not viewed favourably by the BJP. As a journalist who mapped these developments shared:

> [*Saheb*] wants total control over FOSTTA. He met with the textile traders during the meetings over GST increases [in November 2021]. He told them that if they wanted the government's support, they should have elections and elect people who want to work with us [the government].[196]

After his intervention and amid threats of agitation against the FOSTTA office-bearers, the elections to the FOSTTA executive committee finally took place in July 2023. The polls, widely covered in the local media, became a battleground to test the BJP's influence. Two camps emerged, one led by BJP members who formed the "Vikas" (Development) panel, and another panel led by Congress leader and incumbent Secretary Champalal Bothra, which called itself the "Ekta" (Unity) panel. Unsurprisingly, the BJP-backed panel went on to win these elections.

It is widely known in the city that the BJP enjoys overwhelming support amongst the traders. Why, then, was the control over FOSTTA critical? This is because, over the last few years, traders, big and small, have been agitating against the government on several occasions amidst the protracted economic uncertainty in the markets. Therefore, there has been greater zeal in the BJP to control

[196] Interview with Dhaval S., Journalist, Surat, 20 February 2022.

these agitations and discontent and to safeguard the party's dominance in the city. During the anti-GST struggles, for example, I was told by one of the organisers of the agitation, Ritesh S, that *saheb* undermined the anti-GST movement through one of his associates amongst the textile traders. These members formed a parallel anti-GST platform to take control of the movement and, importantly, hold all dialogues with the government and block out others like Ritesh. For someone like him, who went on a 17-day hunger strike during these agitations and eventually wound up his textile business, these moves on the part of the BJP led to the gradual weakening of the movement.[197] Crucially, it also led to limiting the political fallout due to these agitations in the elections in 2017, which the BJP swept in Surat despite suffering losses in other parts of Gujarat.[198]

This episode is not an aberration but captures a long-term strategy of control that the BJP has perfected over the years in Gujarat. For instance, many scholars and journalistic reports have documented how the BJP wrestled control of cooperatives like the Amul and Banas dairies and banks like the Ahmedabad District Co-operative Bank (Jaffrelot, 2024, pp. 122-123; Rajshekhar, 2017b). As the BJP rose to power in the 1990s, the party deliberately targeted the cooperative sector (operating dairies, banks, etc.) and similar bodies, like business associations, through this twin strategy of coercion and control. It ended up controlling most of the politically significant cooperative sector in the state by packing them with BJP loyalists or party members. Those opposing the party would face coercive actions or be asked to switch to the BJP.

As the above example regarding FOSSTTA shows, this strategy to control cooperatives and business associations continues to be used in the contemporary period. Such control over associations and bodies not only acts as a source of financial power for the party but also helps it maintain indirect control over the members of these associations and bodies, the city's provincial business class. Political elites, whom I discussed in the previous section, have overseen the implementation of such modes of control. In the discussion in the last section, I described how political elites like him have facilitated and helped protect the interests of businesses in the city. In

[197] Interview with Ritesh S., Fromer textile trader, Surat, 8 December 2021

[198] Ibid.

this section, I underscore the coercive dimension of such political actors and the BJP. As a former confidant of Mr Chandra explained:

> *Saheb* has systematised a system of give-and-take in the city [vis-à-vis the business class]. This involves both soft and hard measures- from informally telling industrialist friends to keep away from opposition candidates when it came to [monetary] support during elections to using the powers of the government, including the tax department, if someone does not toe his line.[199]

The following example regarding Mr K Jirawala, the President of the Federation of Gujarat Weavers Association (FOGWA), illustrates these "hard measures". Mr Jirawala, a Patel from Saurashtra, is an influential political figure in Surat and runs a weaving unit and a construction company in the city's Pandesara industrial area. Since 2007, Mr Jirawala has been the president of FOGWA, an important business association that acts as the umbrella body for all the power-loom associations in the city. Sharing his political journey in our interview, Mr Jirawala shared that he has been associated with Congress since he was a boy, back in Saurashtra. After coming to Surat and joining the diamond business and later the power loom industry, he gradually rose in the ranks. He became a Surat Municipal Corporation councillor and eventually the president of the Congress Party in Surat in 2011. While briefly joining the BJP in 2014, he was again back in the Congress following the Patel agitations in 2015-16 and contested the 2017 elections on a Congress ticket.[200]

In our interactions, Mr Jirawala, then an opposition party leader and a key member of the textile industry, which had suffered an economic downturn, was emphatic in claiming that the impact of demonetisation and GST had ruined the power loom industry in Surat. He showed me numerous videos of protests and agitations that he had led against the BJP government and told me that under the Modi-led BJP government, the textile industry had been "finished".[201] Given this

[199] Interview with Mr Kumar, Politician, Surat, 29 November 2022.

[200] Interview with Mr K Jirawala, Textile businessman and politician, Surat, 6 March 2022.

[201] Ibid.

situation, I asked why the BJP succeeded in holding on to its support among the city's power-loom owners. For Mr Jirawala, this could be explained by the pull of Modi and Hindutva. But crucially, he added that the BJP were also adept at managing the political situation, often using coercion. He recounted how the local authorities demolished one of his properties at the direction of Mr Chandra, confessing that "It takes courage to take on the BJP here. I have had to suffer to stand up for the rights of the textile weavers, but ultimately, *saheb* and the BJP use all means necessary to stop the opposition".[202]

Within a month after this interaction, in which Mr Jirawala, the former Congress chief, expressed to me how the BJP government's policies had adversely affected the interests of businessmen like him, he joined the BJP. Organising a massive rally under the banner of FOGWA to felicitate the two Surat MPs, he would make a surprise declaration stating that he had decided to join the BJP, along with another hundred power-loom unit owners and over 50 Congress workers, in the presence of the two MPs. The word on the ground was that Jirawala had succumbed to the coercive pressures of Patil and the BJP. In the run-up to the 2022 elections, to quell any discontent from bodies like FOGWA, Jirawala was co-opted into the BJP, thereby influencing the voting intentions of the association's members.

The rent-thick nature of the urban economy has ensured that the threat of coercion through various government agencies has become part of the BJP's governing playbook. Numerous businessmen in the city, who are often seen overzealously demonstrating their support for the government or Modi, like the instances mentioned earlier, have been raided by tax officials on various charges. Given the informalised and unregulated nature of businesses in the diamond and real estate sectors, many businessmen's political actions are determined by coercion or the threat of coercion. For instance, a builder who had briefly joined the AAP in the run-up to the 2022 elections was pressured to resign from the party after several tax-related cases were filed against him.[203] Later that year, I observed that this person was now actively campaigning for BJP

[202] Interview with Mr K Jirawala, Textile businessman and politician, Surat, 6 March 2022.

[203] Fieldwork Notes, Surat, March 2022.

candidates in the city's Patel-dominated areas. Another instance of *dabav* (pressure) leading to this person falling in line with the BJP.[204]

In an informal discussion with a researcher working with an organisation which was conducting a program on carbon credits with the various processing houses and the local government, this consultant told me that all the anger and ire at the BJP government fizzled out when these industrialists met the political and bureaucratic elites in the city. Speaking about a textile businessman I had interviewed who was very vocal about his anger towards the BJP government and its recent policies, Pranjal, the consultant, would state, "Most of these industrialists temper down what they say in front of you".[205] Giving the example of Anilbhai, the businessman I had also interviewed, he stated, "He is a lion in his office and a mouse in front of bureaucrats. While on the surface, the industrialists would be very supportive of the government, internally, there is a lot of disgruntlement and fear of speaking out".[206]

With such threats of coercive action looming, Mr Chandra's former confidante further shared that when it came to elections, apart from funding the BJP, industrialists were also given "tasks" by the strongmen like *saheb*. In the 2022 elections, diamond and real estate barons were asked to arrange for factory workers to attend the Prime Minister's rally in the city, as was reported in a local daily, which detailed how the Prime Minister, when visiting Surat on the last day of campaigning, held a late-night meeting with Patel diamond barons and builders in the city (Divya Bhaskar, 2022). According to this report, Modi had a night-long meeting with the party top brass where several businessmen associated with the diamond and real estate sectors visited Modi, who instructed them to ensure that the Patel votes in particular did not sway. Such diktats were common, and if they were not followed, businessmen would be in trouble, as the former BJP leader, who faced police cases following his falling out with the party, would confess.[207] In an affirmation of his point,

[204] Interview with Vrajesh, Politician, Surat, 20 November 2022.

[205] Interview with Pranjal, Researcher, Surat, 17 April 2022.

[206] Ibid.

[207] Interview with Vrajesh, Politician, Surat, 20 November 2022.

the next day after the end of polling, reports emerged that the Income Tax department had raided a few city builders and diamond unit owners. The word on the ground was that those who refused to toe the line were now facing the government's ire.[208]

The active mobilisation of these business elites during elections, and with the threat of coercion looming large, is not only done to extract party funding but also to mobilise communities, such as the Patels. With the many of these Patel business elites being deeply involved in the social life and politics of the community, whether it is through their philanthropic efforts, their direct participation in electoral politics or their support and involvement in the Swaminarayan movement, these figures have played an important role in countering the anger within the Patel community. Therefore, during the campaigning in the 2022 elections, Patel diamond traders I spoke to said that while the community has become more divided, based on class and opportunity, they still revere Patel diamond barons, with a classic rags-to-riches story, who have made the "samaj [community] proud".[209]

To conclude, the above instances underscore the coercive dimension of the compact between the provincial business class and the BJP. Scholarship on the BJP and its mode of governing in Gujarat has duly pointed to the authoritarian nature of the Modi-led BJP regime, which has been dominant in the state's political life for the past three decades. This authoritarian feature has been visible in multiple spheres and episodes – from the use of coercive powers of the state to target social movements (Mehta, 2013), imposing violence on minorities (Chatterjee, 2023) or smoothing the pathways for big businesses who have been steadfast allies of the regime (Akhtar, 2022; Sud, 2022). In the context of this discussion, I show how this modality of control and coercion has affected members of the provincial business class as well. Recently, as agitations and economic uncertainties have risen, the urge for power and the threat of coercion have only become more pronounced. Consequently, the compact between the provincial business class and the BJP has endured.

[208] Interview with Vrajesh, Politician, Surat, 20 November 2022.

[209] Interview with Mukesh Patel, Former diamond trader, Surat, 24 November 2022.

4. Conclusion

This chapter explored another dimension of the politics of the provincial business class: its close party-political affiliations with the Hindu Nationalist BJP. While an important set of studies on Gujarat's politics has noted the close ties between businesses and the BJP, especially following the rise of Narendra Modi (Jaffrelot, 2019; Jaffrelot, 2024; Sud, 2022), this chapter, by remaining focussed on the level of the city and the provincial segments of business, underscores the different ways and circumstances in which this compact between members of the provincial business class and the BJP has endured. These relations have not always been smooth, free of any creases or threats of breaking down. As I outlined in Section 2, recent developments in the city, marked by rising economic uncertainties and the two unprecedented agitations, have highlighted the tenuous nature of this compact.

While examining why this compact has endured, I arrive at three main explanations. The first is the role that *Moditva*–the ideological and affective combination of Modi and Hindutva–plays in shaping the provincial business class's cultural-ideological worldview, political behaviour, and party affiliations. The second reason I highlight is the influence of a local party strongman and the clientelist or personalised ties between the city's business class and him. I demonstrate how, when provincial businesses have seemingly lost their influence in apex policymaking domains (Naseemullah, 2020), they have relied on well-connected strongmen to protect their interests at the city level. Finally, the third aspect I discuss is the coercive underbelly of this compact. The deployment of coercion and the propensity for control are significant in understanding how the BJP has politically managed any threats to this compact with the provincial business class. Thus, while ideological affinities, mutual interests, and clientelist ties have sutured this compact, they have also been constantly reinforced through control and coercion.

8

CONCLUSION

1. Introduction

My motivations for this study can be traced back to the political developments occurring worldwide between 2014 and 2019. This was a period of significant realignment in politics globally, manifesting in the rise of strongman figures like Modi in India and Trump in the United States. As scholars and commentators grappled with understanding the causes of this populist and rightward disruption, what caught my attention was the consistent support that such movements and figures attracted from segments of business owners who did not necessarily occupy the high tables of global capitalism. Instead, these were the provincial segments of business owners that, in different contexts, primarily operate small and medium-sized enterprises. The question that arose was how these segments of business owners engage in politics and their implications for the rise of the populist right.

Historically, this class of non-corporate, family-owned, provincial business owners, rooted in the vernacular domains of the economy and society, was viewed as the "petty bourgeoisie". A social class considered transitory would disappear over time with the development of capitalism, whether from the perspective of modernisation theories or traditional Marxist theories. However, recent developments around the world have underscored that even though there is an outsized role of big capital in all its multitudinous forms in politics today, these provincial and not necessarily

"petite" segments of business remain important social and political actors that have fuelled, in part, the rise of the populist right in different parts of the world.

Take the example of Turkey, given the rise and dominance of a figure like Recep Tayyip Erdoğan. In Turkey, the emergence of Erdoğan and the Justice and Development Party (AKP) since the late 1990s is associated with the support they received from the "Anatolian Tigers". The term highlights how this stratum of regional business groups emerged as competitive, "tiger-like" players in the global economy, akin to the rapid growth associated with the Asian Tiger economies of South Korea, Taiwan, Singapore, and Hong Kong (Michaud-Elin, 2009). In the Turkish context, the Anatolian Tigers represent a stratum of regional business groups and owners who run midsized, export-oriented businesses in the central parts of Turkey (Anatolia) and emerged as a politically and economically influential business segment in the 1980s. Often family-owned, these businesses have driven the country's export-oriented industrial expansion and are particularly prominent in smaller towns and cities beyond the big metropolises like Istanbul or Ankara.

Scholars of Turkish politics have contended that the rise of the AKP and Erdoğan is tied to the ideological and interest-driven alignments between this stratum of businesses. Meltem Müftüler-Baç and E. Fuat Keyman (2009) explain these overlaps by arguing that a form of "functional mixture of modernity and tradition" occurred in the rise of the AKP and Erdoğan, making the Anatolian tigers a vital part of the AKP's social base (Müftüler-Baç & Keyman, 2012, p. 91). Similarly, other scholars also point in this direction, wherein the AKP succeeded in gaining the support of this "devout bourgeoisie" that emerged following the economic reforms of the 1980s. The power of this "devout bourgeoisie" was such that Erdoğan supported policy measures that helped these export-oriented businesses while giving them a prominent place in shaping policies, sidelining the older Istanbul and Ankara-based business elite and their organisations at the turn of the 21st century (Gumuscu & Sert, 2009).

Perhaps more topically, in the United States, academic and journalistic accounts have underlined how a class of business owners who are socially conservative and operate small and medium-sized,

family-run businesses has become one of the critical constituents of Trumpism. Melinda Cooper (2022), a sociologist, for instance, traces a longue durée history of "family capitalism"—denoting a form of capitalism dominated by family-run private businesses mainly operating small and medium enterprises—to uncover the antecedents of Trump's support base in the Tea Party movement of the late 2000s. Her argument is that,

> The Trump diehards who cut their teeth in the Tea Party were not wage workers, nor even misclassified independent contractors, but small businesspeople concentrated in the blue-collar residential construction sector and its white-collar satellite professions of homeware retail, real estate services, mortgage brokerage, and accounting. It was the meteoric rise and fall of the small business sector—not the long saga of deindustrialisation—that gave birth to the current cycle of far-right populism. (Cooper, 2022)

This argument has been echoed in several journalistic accounts as well (Denvir, 2016; Dite, 2024). This was an outcome of historical trends, where these non-corporate segments of business owners gradually moved closer to the Republican Party and found common ground in opposition to government regulation and taxes. This class of business owners became votaries of political rhetoric that has increasingly positioned the government as an adversary of small businesses. This historical trend, coupled with Trump's populist appeals promising protection against elites and big corporations, appealed to this segment of business owners (Denvir, 2016).

Each region has its specificities, and any meaningful analysis of this segment of business owners needs to be historicised and analysed according to the political, economic, and social contexts in which they emerge. However, the global patterns mentioned above generate a case for closely examining the role of these middle and provincial business owners in shaping politics across the world. Given that business is not a homogeneous class, with a unidimensional set of political attitudes and strategies to influence the state and politics, a disaggregated view that takes a closer look at the interlinked economic, social and political lives of these provincial business owners helps

to complement the wider scholarly body examining the role of business in politics today. This has implications for debates over democracy, the rise of the Populist Right, and the relationship between business and politics beyond big business and corporations, especially in the era of Trumps, Modis, and Erdoğans.

To return to contemporary India, which is the context for this thesis, I show how the provincial business class plays an important economic, social and political role. Political economists, for instance, have continued to underline the significant presence of this segment of capital in India's economy (Harriss-White et al., 2020). In the domain of politics, scholars have also shown how the growing number of businesspersons in the national and sub-national legislatures is often drawn from this segment of the "regional bourgeoisie" (Sinha & Wyatt, 2019, p. 255). Modi's ties to business, a primary issue of public debates and politics in India, are also traced back to his ties to regional business groups and figures from his time as Gujarat chief minister (Sud, 2017, p. 84).

While the importance of this segment is noted, academic studies are scant when it comes to comprehensively understanding the different ways the provincial business class participates in India's economic and political life. Attempting to fill this gap, this thesis has taken a bottom-up approach, zooming in on Surat to centre a processual view of the provincial business class's socio-economic transformations and political embeddedness. The key arguments have been developed over five substantive chapters. In this concluding chapter, I summarise these arguments and contributions to the broader scholarship. I also state the limitations of the thesis while flagging future research avenues.

2. Key Arguments & Contributions

The thesis is structured around three research questions. First, how has the provincial business class adapted to economic changes in fast-growing cities like Surat since the 1990s? Second, what are the different modalities through which the provincial business class embeds itself in politics and engages with the state in contemporary India? Third, what explains the proximity of this

segment of business to Hindu Nationalist politics, especially in the contemporary context of economic slowdowns and agitations? I make a number of arguments in exploring these questions across five empirical chapters and based on field research, which are summarised in this section.

Capital, Community & Change

In response to the first research question, Chapter 3 traces the making of an informalised and socially embedded economic order that helps to explain the trajectories of change among the provincial business class. Specifically, focusing on the emergence of this class of provincial business owners in Surat, I trace a genealogy of the two key clusters of economic activity in Surat since the 1950s. Based on a mix of published resources, oral business histories, and unpublished reports, I document how the city's economic order evolved along a specific pattern and distinctive features, such as its informalised business and labour practices and preponderance of small-scale firms. As I emphasise, this does not mean that the capital held by these businesspersons or family firms is necessarily small. Instead, the smallness of firms has been a function of their strategy to bypass state regulations, which has become a *sine qua non* of Surat's economic order. While the state played a critical role through its import policy on diamonds and various policies related to the small-scale sector, Surat's businesses adopted ingenious measures to evade taxes and regulations, a permanent feature of the city's economic life.

In mapping the rise of this class, I also delineate how the provincial business class in the city originates from specific caste-community groups. If Khatris led the power loom revolution between the 1940s and 1970s, then Marwari traders and textile businesses emerged from the mercantile route to establish themselves as the new dominant social groups in the synthetic textile cluster, dominating the trading segment. Across town, in the diamond sector, while the Palanpuri Jains utilised their historic links to the global diamond trade and protected commercial-cum-caste ties to dominate the diamond industry at its inception in the 1950s, an influential, if not dominant, cohort of Saurashtra Patel diamond business owners emerged from this migrant community of former agriculturalists from peninsular Gujarat.

This thesis thus can be read alongside studies that trace the rise of the provincial business class in the agrarian countryside, especially in the post-green revolution period of the 1970s and 1980s (Rutten, 1995; Upadhya, 1988). I make an empirical contribution by focusing on a predominantly urban story of transformation and change to complement these studies, which have mainly concentrated on rural-urban linkages and transitions. As I show, the urban factions of the provincial business class in Surat emerged due to the specificities of its urban economic order as it evolved between the 1950s and 1980s.

Further, I use the case study of the Patels to illustrate how the entwinement of capital and community shapes the pattern of economic diversification among the provincial business class since the 1990s. Documenting the shifting business patterns of the Saurashtra Patel business owners after the 1990s, when real estate emerged as another frontier of accumulation in the city, I show, in Chapter 4, how a combination of caste and informal capital, as forged in the diamond industry, has been used by the Patels to diversify into the booming real estate sector since the turn of the 21st century. Importantly, I argue that while community ties facilitate the circulation and accumulation of capital, as in the case of the Patels, these social identities and ties are also ipso facto shaped by capital.

The ability to raise money and use informal channels and unregulated conduits to funnel money into the real estate sector, which is also a cash-heavy sector, has allowed Patel business owners to diversify from diamonds to real estate. Thus, I show how they have continued to dominate the "older" economic clusters of diamonds and have also found ways to move into the "new" frontiers of accumulation, such as the real estate sector. I argue that this distinctly vernacularised and socially embedded form of capital is at the heart of this story of diversification and change. I document this pathway of diversification in Chapter 4. Further, I argue that this diversification in the urban economy has been accompanied by assertions of material and symbolic strength by the Patel business owners. What I highlight then is not only a process of economic diversification amongst a key social segment within the provincial business class; I also show the connections between this process and the embeddedness of Patel business owners in the city's political life.

The thesis speaks to recent studies that have documented the transformation of similar segments of business owners from dominant caste groups who use their social ties to move into the real estate sector (Balakrishnan, 2019; Pati, 2022; Kalaiyarasan and Vijaybasker, 2021). For instance, in recent work on the urban context of Delhi and the caste community of Jats, Sushmita Pati has traced how the Jats, a dominant agrarian community across northern India, in Delhi's urban villages, transformed from agriculturalists to a class of urban landowners. She explains how, among this community of former dairy farmers and peasants, Jat business owners used their vernacular institutions (rooted in caste- and kinship-based trust and property claims) to navigate the economic changes in a globalising Delhi. With the rise of the rental property market in Delhi in the 1990s, these Jat landowners segued into this emergent real estate sector in the city's urban villages, maintaining their economic (and socio-political) dominance (Pati, 2022, pp. 59-80).

The analytical focus of works like Pati's has been the vernacularised spaces of economic transitions in cities and the role of local dominant caste groups, comprising a large part of provincial business owners. Adding to this literature, I show how the real estate turn in Surat's economy has been fuelled by the provincial, informalised, and highly socialised form of capital circulating in the city's diamond industry and dominated by the Patels. One important point that emerges throughout the thesis's first part is how these provincial business owners remain embedded within Surat. This is both a historical process of their embeddedness in Surat's informalised economic order (marked by cheap migratory labour) and their clientelist ties with the local state, which assists them in skirting around regulations, getting land, etc. Provincial capital and its ways of operations, therefore, need a provincial anchor in society, economy, and politics, which is highlighted in this work.

Thus, focusing on a city that has not been covered in previous scholarship and demonstrating how prior commercial-cum-social connections between caste and capital play a role in shaping economic transformation, I provide empirical and analytical cues for a broader argument regarding the continued importance of vernacular political economies in India today. Put differently, while India's economic story has witnessed the rise of big businesses taking a more prominent role in its

economic and political life (Jaffrelot et al., 2019), epitomised by the likes of Reliance or Adani, in large parts of India, especially tier 2 cities like Surat, an important social class shaping economic change remains the provincial business class.

The "Not-So-Quiet" Ways of Doing Politics

Another key objective of this thesis has been to uncover the political role and actions of this segment of business owners. As discussed in the Introduction, I adopt an analytically broad view of politics. I distinguish between politics and Politics to analyse the political actions of the provincial business class. To repeat, while politics corresponds to the everyday and micro-level domains and practices, Politics refers to the public domains of political life and the state, which are commonly identifiable with the domain of collective action and engagement with the state, as well as political parties and elections in the Indian context. Making this analytical distinction has allowed me to unpack the varied ways in which the politics of the provincial business class play out.

The first is the intersection between business and social power and the practice of philanthropy. Chapter 5, focusing on Saurashtra Patel business owners, explores a key strategy through which businessmen embed themselves in the politics of caste-community assertions via philanthropy. Given the widespread practice of philanthropy among Patel business owners, I critically examine these practices to highlight the different motivations and methods used in engaging in local and trans-local acts of charity. This analysis is set within a social context where the Saurashtra Patels, as a caste community, have asserted economic and social dominance in Surat since the 1980s, following their gradual control over the diamond cluster and the real estate sector from the late 1990s.

I show how Patel business owners' widespread practice of philanthropy is part of converting one form of capital or power into another. Critically examining these practices reveals the motivations and aims sought to be achieved by the members of the provincial business class. At the micro

level, I argue that the Patel business elites' charitable endeavours are often part of self-making as the community's "big men". Consequently, these practices also shape the evolving sense of identity and assertion among the wider Saurashtra Patel community in the city's social life. These charitable acts' networked and trans-local dimensions are also related to this. Given the close social and economic ties between Surat and Saurashtra, Patel businesspersons' charitable acts are centred around their *watan* or homeland and directed towards villages in districts such as Botad, Amreli, and Bhavnagar in Saurashtra.

These practices then help to draw distinctions between these Patel business elites, the wider Patel community, and other social groups and classes. This also creates the pathways through which Patel businesspersons insert themselves into the networks of power and the formal arenas of politics. The practice of charity then also serves a clear political purpose. Through their charitable acts, Patel businesspersons enter a "partnership" with the state, taking on some of its development-related functions, such as opening hospitals or building policing infrastructure in the city. This, in the case of some, also culminates in their direct involvement in electoral politics, given their influential stature within the community and their close ties to party-political elites.

This leads me to characterise the politics of the provincial business class as a "Not-so-Quiet" form of politics. This term signifies the public and visible means through which the provincial business class is lodged in the city's politics. While the practices of philanthropy showcase one aspect of this public nature of political embeddedness and engagements with political elites and state officials, the provincial business class also collectively organises its interests and power via a range of associations and bodies with a public character, as I show in Chapter 6. What I mean by this is that not only do the business associations engage with the state behind closed doors, but they also frequently mobilise publicly to pressure the state, whether it is on the question of taxes or regulations. Furthermore, given the public nature of bodies like the SGCCI, which are viewed as symbolically powerful bodies, the usual characterisation of collective action by businesses as a behind-the-scenes affair does not hold in the case of the provincial business class in Surat.

The other aspect of this not-so-quiet politics of the provincial business class is the overwhelming presence of businessmen in the city's party-political order. As I document in the second part of Chapter 6, all the elected MLAs and MPs from the city are associated with businesses, either directly or indirectly. I argue that this makes the city's political order one where the provincial business class dominates. While the growing presence of businesspersons in India's national and sub-national legislatures has been one of the key trends in India's political life (Sen, 2023; Sinha & Wyatt, 2019), I highlight how the role of money, the overlaps between capital and community, and the need for accessing the state create these porous boundaries between the worlds of business and politics at the local level. These businesspersons turned politicians, then, as I show using a case study, act as mediators and facilitators of business interests vis-à-vis the state.

In centring this interdisciplinary account of business-politics relations in a contemporary urban context, I depart from commonly used frameworks for studying business power and how it is exercised. These frameworks analyse the power of business through its structural or instrumental influence vis-à-vis the state. These frameworks emerged in the context of debates in the 1970s–exemplified in the Miliband-Poulantzas debate on the state's role in capitalist societies–but have been used since to analyse business-state relations in different parts of the world, including India (Murali, 2019; Sinha, 2019). Instrumentalists argue that capitalists direct policies favouring their interests by controlling the means of production and holding key positions within state institutions. In contrast, structuralists highlight the inherent advantages capital holds in market societies. They contend that states must cater to business interests to prevent capital divestment or layoffs, which could harm societal welfare. Consequently, government officials must anticipate business reactions, positioning the state not merely as a tool of the ruling class but as a stabiliser and manager of capitalist accumulation, particularly during crises (Babic et al., 2022, p. 135).

A blind spot in both these structural and instrumental frameworks of studying business power has been that they have been deductive and theory-driven, empirically blind to the interlinkages between the power of business in relation to other forms of social power. While this framework helps to understand the power and influence of business vis-à-vis the state, the emerging analysis

can often be deterministic and ignorant of non-economic determinants of political action. Thus, in terms of a theoretical contribution, I put forth an interdisciplinary framework for analysing business-politics relations that helps draw connections between the economic and non-economic drivers of business-politics interactions. This framework allows us to draw connections between business power and the politics of community and the intersecting networks through which businessmen find their way into the domains of electoral politics and engage the state.

Employing this framework, I also contribute to the scholarship on business-politics relations in India. Historically, the scholarship on business and politics in India, particularly from the disciplinary perspectives of political science and political economy, has focused more on big business and corporate capital regarding their influence on politics and policy-making. While Marxist accounts such as that of Vivek Chibber (2003) have emphasised how the class power of the Indian capitalist class in the 1940s and 1960s shaped the nature of capitalist transformation in India, others like Stanley Kochanek (1974), drawing on modernisation theories, examine how business acted as interest groups in influencing state policies, through well-developed collective bodies as well as personalised ties, encapsulated by the term "briefcase politics" (Kochanek, 1974; 1987). Focusing on the sub-national domain, Aseema Sinha's work (2005) also showed how relations between a highly regulated national economy, sub-national bureaucracies and regional business classes shaped the regionally specific trajectories of business-state relations.

While these studies provide critical analytical insights into the evolving nature of business-state relations in India, they suffer from two limitations. First, they primarily focus on large business groups, corporate capital, and their institutions of collective action. Consequently, a significant portion of this scholarship focuses narrowly on the national domains of economic and political life. Second, the politics of business is viewed through the analytical frame of an interest group. That is, business is seen as a collection of individuals or groups united by a shared concern or interest, seeking to influence public policy to their advantage. This perspective overlooks the social life and meanings, perceptions, figures, and ideological elements that shape political action and embed business in politics. Instead, as I demonstrate throughout this thesis, analysing business

power becomes productive when we consider how it intersects not only with economic power but also with social power. Given the growing influence and presence of business in India's political life, I argue that this framework can complement the previously mentioned scholarship to better understand the evolving relationship between business and politics, extending beyond the apex and focusing on the provincial business class in various contexts.

Enduring Supporters of Hindu Nationalist Politics

Operating this multidimensional analytical framework to assess the politics of the provincial business class has aided this thesis's aim to comprehensively answer the third research question regarding the proximity of the provincial business class to Hindu Nationalist politics. In some of the earliest studies on the Hindu Nationalist movement and politics, the mercantile roots and the role of provincial capital as the "original reference groups" (Graham, 1990) were underscored. It was a popular characterisation of the Jan Sangh as the *Baniya* party due to its strong association with the mercantile and trading communities in the towns and cities of northern and western India. Updating this understanding, I show in Chapter 7 how this class remains an enduring supporter of the BJP, with this support being sustained by an admixture of interest, ideology, and coercion.

Undoubtedly, the ascent and transformation of the BJP since the 1980s, and more so after 2014, have meant that it has long shed this narrow social base and now attracts support from a cross-section of social groups and classes. However, a closer look at the political elites within the party and the broader movement shows how these provincial segments of business owners from specific caste communities maintain an outsized presence (Tewari & Kaushika, 2018). Similarly, election surveys and profiles of elected representatives from the BJP, especially those in India's urban contexts, also indicate the continued proximity between these segments of business owners and Hindu Nationalist politics (Verniers & Jaffrelot, 2020). In unpacking how this proximity endures in the context of contemporary Surat, I arrive at a triad of factors.

Firstly, I discuss how the ubiquitous presence of Hindu Nationalist organisations, discourses and figures plays a key part in constantly shaping the ideological orientation of provincial businessmen in the city. There is a broader lesson to be drawn, especially in the current political climate of populism and competing ideological contestation on issues of culture, economy, or nationalism that have made a comeback over the past decade. This calls for taking serious note of businesses' social and ideological worldviews and their constructions that help explain why they might align themselves with deeply ideological movements and parties, especially those on the populist right today. While scholars have often emphasised that business's partisan orientation is usually weak and businesspersons frequently tend to side with the dominant political formation, rendering ideological partisanship among businesses weak in India and South Asia (Amirali, 2024, p. 308), in this thesis, I show how the proximity between the provincial business class and Hindu Nationalist politics, albeit in the specific setting of Surat, provides a counterintuitive empirical insight that shows businesses can also develop deeply partisan political affiliations.

The second factor is the role of local political elites and strongmen and their clientelist ties with business. At a time when public and scholarly discussions are rife about the role of national-popular strongmen and the personalisation of political authority (Ruud, 2023; Sinha, 2021; Sud, 2022), the thesis makes an empirical contribution by focusing on a political figure who is a local strongman who sits at the heart of quid pro quo ties between businessmen and politicians in the city. I show how the provincial business class and its members cultivate close ties to such figures to protect their interests. Consequently, the working out of this quid pro quo system between the local strongman—an influential and connected figure in the BJP—and the provincial business class further embellishes the compact between the two.

A third factor is the coercive element that structures business-politics relations in India today. Critical research on Gujarat since the 2000s has underlined the coercive aspects of the state's governmental model, which the BJP has reigned over since coming to power in the 1990s. These coercive aspects of the state and politics have been directed at marginalised groups and communities, including Muslims, Dalits, farming communities and anti-dam protestors, amongst

others (Mehta, 2013; Chatterjee, 2023; Akhtar, 2022). However, I demonstrate in Chapter 7 how such practices of control and coercion are employed vis-à-vis the provincial business class. Drawing on examples from Surat, I show how the compact between provincial capital is not only about the alignment of ideology and interest but also involves a systemic use of coercion or its threat. I thus centre an aspect that is gradually being observed in scholarship and commentaries on the complicated relationship between the BJP and the business class in contemporary India.

Over the last decade, India's democratic life has been on a perilous path, with the Modi-led government ossifying tendencies that have undercut India's democratic order (Bajpai & Kureshi, 2022; Chacko, 2018; Jaffrelot, 2021; Sud, 2022). I present a granular view of how this works and how coercion remains a potent strategy to manage political dominance and loyalty despite counter-pressures, whether economic or otherwise, in the context of Surat. However, this strategy is employed by the BJP most visibly as the dominant political formation in various regions and scales, but it is also utilised by other political parties in different contexts. The implications of this for the wider democratic process remain an open-ended question beyond the scope of this research.

3. Limitations & Avenues for Future Research

The decision to focus on Surat to study the provincial business class was motivated by the fact that Surat presents an appropriate setting. It has a significant presence of economic clusters dominated by provincial capital and is a city whose politics has long been dominated by Hindu Nationalists. Given the methodological choice to centre on a situated and bottom-up perspective that shows the nuances and interconnections between the social, economic, and political worlds of businessmen in Surat, there is an inherent limitation regarding the generalisability of this research. However, the findings and methods used in this work can be replicated in other urban contexts to further our understanding of the socio-economic and political role of the provincial business class.

Given the limitations of a "pandemic thesis", an ethnographic study of the social lives of the provincial business class would have helped to add critical empirical and analytical dimensions. A richer account of the workings of these family-run firms, the gendered aspects of this, or the way class boundaries are reproduced and constructed by these provincial business owners, remains beyond the scope of this work. Moreover, employing the category of the provincial business class, I have worked with a neat social classification of these business owners as members of a distinct social class. While this may be heuristically useful, various axes of internal differentiation and conflicts exist and destabilise such neat categorisations. This means the provincial business class does not always act in unison or pull together to assert its interests collectively.

Relatedly, there remains a limitation in analysing how these segments of business owners associate with big business and their interests. The Modi-led government's close alignment with big corporations has been seen as a reflection of the centralisation of economic and political power in India. Neelanjan Sircar (2022), for instance, argues that given the growing centralisation of economic power among a few large corporations and conglomerates, as well as the centralisation of political power under the Modi-led BJP central government since 2014, there is an increasing interdependence between the two (Sircar, 2022). That is, while big capital, both Indian and multinational, is increasingly influential in the upper echelons of policy-making, a more centralised power centre within the BJP also favours this segment of capital as its partners, thereby bypassing regional or local capital, which remains politically influential. This political-economic context is driving the growing schism between national or big capital and provincial capital, which have regularly emerged in the aftermath of decisions like demonetisation and GST, as I illustrated in Chapter 7 and others have also pointed to (Naseemullah, 2020; Rajshekhar, 2022).

Across different parts of India, a growing schism has thus emerged between national or corporate capital and provincial capital. This economic division has gradually entered the political arena as well. For instance, in the last two national elections, in 2019 and 2024, opposition parties in India, led by the Congress Party, have been trying to win over these provincial segments of business, especially small and medium business owners, to counter the Modi-led BJP, which has adopted

policies that adversely affect provincial capital and has favoured a handful of large business houses and conglomerates (TNM Staff, 2024). For the BJP, in particular, this presents a challenge as it remains a party that enjoys widespread support from these provincial business owners in cities like Surat, as this thesis has shown.

What remains to be explored further, through additional case studies and comparative research in various urban contexts, is how this growing schism is managed by the BJP. Considering that the provincial business remains a powerful social class, particularly in local or urban politics and economics, this thesis illustrates how the BJP navigates this economic downturn using a complex strategy of political incorporation through ideological appeals, interest-driven co-option, and even coercion. Whether this approach is replicable in other contexts lies beyond the scope of this thesis, but it is a topic for future research. The divisions between the national and provincial segments of capital will continue to be an important aspect that needs tracking to better understand the evolving nature of business-politics relations in contemporary India.

4. Provincial Yet Powerful

I end this thesis with a brief recollection of my time conducting fieldwork in Surat. In the early days of fieldwork, as I tried to present a case for why this study was needed, I often encountered pushback from some respondents, stating that businessmen were not interested in politics. According to them, businessmen supported whichever party was in power as long as it did not meddle in their affairs. However, as I have demonstrated throughout this work, this one-dimensional and widely held view about businessmen as non-political actors only driven by economic interests misses the different modalities through which they remain politically embedded actors in contemporary India.

As a running argument forwarded and developed in each chapter, I demonstrate how these provincial businessmen remain deeply embedded in the different domains of political life. This is seen in their control over the local economy, their embeddedness in the politics of caste and

community, their organised forms of collective action, their penetration into the state directly and indirectly, and their proximity to Hindu Nationalist politics. In conclusion, the provincial business class is a powerful socio-economic and political actor in contemporary India whose role needs to be noted in different contexts, as well as the growing scholarship on business and politics in India today.

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