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WEALTH ELITES AND THEIR ACCUMULATION DYNAMICS: HYDERABAD CITY REGION

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Introduction

This paper tries to map wealth and the wealthy elites, identifying broad patterns and processes in Hyderabad City region[1]. Invoking Edward Soja's (2000) concept of a city region, the paper attempts to understand how regional social structures serve as networks of power and accumulation that may stretch far beyond the region itself.

Historical sources indicate that big wealth creation in the city region first took place during the 16th and early 17th centuries. During the late 18th and early 19th centuries, the canal-irrigation facilities on the Godavari and Krishna rivers transformed cropping patterns in agriculture in the region, from subsistence to cash crops, especially paddy cultivation. This led the farmers to transform themselves into commercial farmers/rich peasants. During the 1970s, the post-green revolution gave further impetus that transformed the region. As a result, first-generation rural Andhra entrepreneurs invested in construction, government contracts and transport. From the 1980s, these upper-caste elites diversified into agro-towns linked to the agro-processing industry, marketing and selling or entrepreneurship from below (Upadhya, 1988).

In the 1990s, a lot of investment went into the entertainment industry (Ramoji Film City, Rama Naidu Studios, film distribution, TV channels), educational institutions (Narayana, Chaitanya), health care industry (pharma, hospital industry, insurance), and manufacturing (cement industry) etc. Post-1990s, many of their businesses expanded into Hyderabad and were increasingly able to integrate themselves into global circuits of capital in pharma, IT and ITES, real estate and construction. The majority of the wealth elites from Telugu states emerged during the reform period (1995- 2014), benefiting from the neo-liberal policies, political patronage and nexus, caste and regional networks. However, post-2014, service sector growth has been predominant in both the states. Taking into consideration the agrarian background of elites and subsequent emergence of professional classes on one hand, and diverse trajectories of business elites on the other, this paper tries to explain the current wealth-accumulation dynamics in Hyderabad City region through a political economy perspective.

Wealth creation – growth of rich and super-rich individuals

Hyderabad City region is home to 78 individuals who have a net worth of Rs 1,000 crores or more and in the last decade, the super-rich individuals have grown from mere 3 to 78 in 2022 (IIFL Wealth Hurun India Rich List 2022). Similarly, Hyderabad was home to 467 ultra-high-net worth individuals in the year 2021, making it the second-highest in the country after Mumbai, where the number of persons with a net worth of $30m and more stood at 1,596 (Property Consultancy Knight Frank Wealth Report 2022). If we include the non-listed companies and undisclosed wealth, there are at least three times the number who can be considered super-rich, having more than 1,000 crores.

[1] Hyderabad city region includes two Telugu states – Andhra Pradesh (three regions – south coastal Andhra, north coastal Andhra and Rayalaseema) and Telangana (two regions North Telangana and South Telangana) including metropolitan city of Hyderabad.

In terms of industry distribution, healthcare including pharmaceuticals was the biggest contributor to the list from the State with 15 companies, followed by software and services, and chemicals and infrastructure. In terms of number of individuals in the list, the pharma sector accounts for 31% of the richest in Andhra Pradesh and Telangana, followed by the food-processing sector (10%), food & beverages (10%), construction (9%) and chemicals sector (9%), respectively. Hyderabad City is also called the pharmaceutical hub of India, which is reflected in the three billionaires who featured in the top 100 India Rich List from this sector (IIFL Wealth Hurun India Rich List 2022).

Research process

Field work was conducted in three phases (short survey, long survey and case studies) during March to October, 2022. The list comprises people from different regions – North Coastal Andhra, south coastal Andhra, Rayalaseema in Andhra Pradesh and North and South Telangana in the state of Telangana. This distinction is significant, as each region displayed a different political economy and distinct growth trajectories with diverse economic players.

Primary wealth owners (short survey)

We have compiled a list of 234 wealthy individuals from Andhra Pradesh and Telangana states. The list contains the primary wealth owner's name, company/group name, caste/*jati* of the individual owner, region, primary business sector/ activity etc. (See Table 1.1 Appendix 1). The sample of 234 PWOs data from the field consists of 50% super-rich who own more than 10,000 million rupees, 27% wealthy individuals owning between 1000 and 10,000 million rupees, and the fuzzy category, which comprises 23% owning less than 1000 million rupees (see Table 1.2)

Table 1.2. Wealth-wise distribution of 234 PWOs

S. No.	Category of Rich (in Indian Rupees)	No. of PWOs
1	Super Wealthy (>10,000 million)	118 (50%)
2	Wealthy (1,000 million – 10,000 million)	63 (27%)
3	Fuzzy (< 1000 million)	53 (23%)
	Grand Total	**234**

Source: Field data

Field data clearly indicates that the Hurun rich list data 2022 is a gross underestimation in their categorisation of the super-rich. While the Hurun rich list data shows only 78 super-rich individuals in Hyderabad City region, our data from a small sample shows that the figure is 118.

The data sources for the short survey include the following: IIFL Wealth Hurun India Rich List 2021 and 2022 helped in preparing the list of super-rich; Sources such as Fundoodata.com in preparing BSE listed companies; BSE website in preparing primary names associated with the listed companies; Telugu news channel ABN's *Best in the Business* segment; YouTube channel iDream's *Business Icons* interviews and ETV2's *Cheppalani Undhi,* Telugu daily newspapers have been used.

PWOs (long survey instrument)

Throughout this survey, we collected 83 primary wealth owners' data from different sectors, castes and regions (See Table 2.1, Appendix 2). The data shows 71% super-rich and 15% wealthy individuals, while 11% belong to the fuzzy category (See Table 1.3).

Table 1.3: Wealth-wise Distribution of 83 PWOs

S. No.	Category of Rich	No. of PWOs
1	Super Wealthy	59 (71%)
2	Wealthy	15 (18%)
3	Fuzzy	9 (11%)
Grand Total		**83**

Data sources include – the company's annual reports and websites, published interviews of the company's key personnel such as chairperson, managing director, etc., that appeared in business magazines and newspapers such as Economic Times, Forbes, BuzzFeed, YouTube, and other websites. Reports of credit rating agencies such as CRISIL, CARE, ICRA, India Ratings and Brickwork have been used for the respective companies to determine their key strengths and the range of their business activities. The BSE website and company's annual reports were the sources for listing the promoter group shareholders and board of directors. SEBI's red-herring reports were used sparingly. Websites such as Market Screener and Zauba Corp were relied upon to check the key people associated with the company, and to note the company's diversification and brief profiles. We have also interacted with business journalists, friends and activists based in Hyderabad to obtain and cross-check information – in particular, to determine the political/marriage/business networks of the key people of the company.

Case Studies

Eight primary wealth owner case studies have been conducted along with interviews from six key informants and business associations. The case studies were chosen from different sectors – agro-business (poultry and milk diary), start-up companies (digitech/fintech and transport), manufacturing (cement), hospital industry and sanitary distribution and stevedoring.

Data sources include the following: contacts established with a few key respondents (business journalists, opinion-influencers) provided important clues, which in turn helped gain access to PWOs. Also, social media platforms such as LinkedIn, WhatsApp and emails were used to reach out. Along with detailed interviews, company brochures, biographical accounts and companies' newspaper reports were helpful.

History of the region – temporal and spatial aspects of wealth accumulation

This section provides explanation about wealth accumulation and key accelerators in the Hyderabad City region, both temporally and spatially.

Pre-colonial and princely state of Hyderabad

During the Qutub Shahi reign, Golconda became one of the leading markets in the world for diamonds, pearls, steel, arms and printed fabric. Although first Nizam came to Hyderabad state as a provincial governor of the Mughal Empire, the successive Nizams slowly established independence. After conquering Hyderabad in 1724, the Nizams signed an alliance with the British and the territory became Hyderabad state. Historical sources indicate that wealth creation took place during the 16th and early 17th centuries. Hyderabad state had its own currency, mint, railways and postal system. The Nizam rulers amassed a lot of wealth as a result of the diamond trade. Historically, there were two kinds of elites in Nizam state: political/administrative and economic/business. The political elites were significant in Hyderabad state as they held large tracts of land and its revenue. Leonard (1971) characterises the political system of Hyderabad state as being operated based on loosely structured patron-client relationships. Here, a lot of elites from outside were integrated into the Nizam's political system.

> "The Nizam's ruling class incorporated Marathis, Telugu and Kannada speaking nobles, officials, and local elites as well as Persian, Urdu and Hindi speakers who accompanied him from northern India. The nobility, the Mughal bureaucracy and the military included adherents of all religions, although Muslims were the majority of urban ruling elite and Hindus formed the bulk of the rural peasantry" (Leonard, 2018:405).

Since most of the land and its revenues were under Nizam, his patronage was crucial for the formation of elites in Hyderabad state. Then, the local rulers in the Nizam territories, who paid an annual tribute called *samsthanams,* continued to govern their inherited land themselves. Subsequently, the bankers and moneylenders of Hyderabad City and the military commanders (usually mercenaries) played a significant role in the political system.

The big moneylenders such as Pannalal Pitti, Nasher Chenoy and Dhanrajgir historically had a strong relationship with the State and gained social prominence comparable with that of the traditional landed gentry during the Nizam period. The Bombay money markets seem to have served as a source of finance for some of the industrialists in Hyderabad. Family connections played a major role in channelling finance from Bombay. Explicating the nature of the bankers and moneylenders in the Nizam state, Leonard (1971) points out that:

> "Unlike the local rulers, the nobility or the vakils as a group, these two groups usually could be broken down into functioning caste or community units. The major financial communities in Hyderabad, except for Telugu-speaking Komatis, were not indigenous and had moved into the Deccan over a long period of time. Marwaris, Agarwals, Jains and Goswamis came from western and northern India to Hyderabad in the eighteenth and early nineteenth centuries. Many came first as merchants, dealing in shawls or jewels and then took up moneylending and banking. Caste-fellows settled in the same areas of the city and followed the life styles characteristic of their castes" (Leonard, 1971, p. 574).

But it was neither the landed gentry nor the moneylenders but the third group that played a more significant role in industrial enterprise in the State. They were essentially small-time traders, contractors and assorted professionals who eventually became landowners. Prominent among them were Ahmand Allddin, Karm Abdul Babu Khan, SM Hosain Khan, Laik Ali, and others (Rao Subba CV, 1991). Most of them had some connection with the bureaucracy. It was this elite bureaucracy, tied to each other by caste, religion, social status and kinship relations, that enabled the State to assume leadership of the process of industrialisation (ibid. p.234). What was more significant in Hyderabad was that, despite the large and liberal investment policies of the State, industry could not attract further investments from the private sector. Perhaps the overshadowing role of the State itself inhibited further growth to a certain extent, as it prevented the emergence of autonomous capital that was capable of reproducing itself on an expanding scale.

The nature of the political system has changed over time. By the end of eighteenth century, "yet another category – officials of the civil administration whose power was based on the control of records – became serious participants" (Leonard, 1971; p. 575). Diwans conducted administration in terms of dealing with "foreign relations, appointing *taluqdars* (revenue contractors), and generally supervising the collection of revenue and the disbursement of funds" (ibid, p. 576). After Diwan, the most important civil administrators in Hyderabad were the *Daftardars* (record-keepers). This is hereditary in nature, and there were two hereditary *Daftardars*. These offices were established in Hyderabad by 1760, or probably earlier. The revenue officials at town and village level were *Taluqdars* and *Deshmukhs/Deshpandes*. They were drawn from upper castes such as Velama, Reddy and Brahmin communities. They contracted Diwans to collect the revenue from specific areas. In Hyderabad state, there was no attempt to establish a direct administrative link between the central accounts offices and village-level accounts (Leonard, 1971). This has given a lot of scope for manipulation, and these groups later consolidated into landlord classes. While some of the positions such as *Jagir, Mansab and Daftardars* were hereditary in nature, other positions such as *taluqdars, deshmukhs and deshpandes* entered into contracts with Diwans for revenue collection. By the late eighteenth century, then, the nobility of Hyderabad included a proportionately large number of Shia Muslims and Hindus such as Marathas, Brahmin, Kayasths and Punjabi Khatris. While most of administrative work was done by upper-caste Brahmins and Kayasths, banking and money lending activities were performed by Gujaratis, Marwaris and Goswamis. Military men were from Muslim communities. This reflects the larger trend.

Most of the banking firms were owned by "all Hindu and non-indigenous, from western and northern Indian family firms" (Leonard, 1981, p. 180). In her (1981) terms, most of the great firms in 19th century Hyderabad belonged to three major communities; Gujaratis, Goswamis and Marwaris.

Interestingly, Leonard (2011) captures how adoption and marriages helped these Gujarati, Goswami and Marwari communities to inherit wealth and continue to expand their family firms. While Gujaratis and Marwaris had multiple wives and in some cases adopted sons from their community, Goswamis (as they were sanyasis) would keep women (concubines) and had children. She points out that this phenomenon is "a way of securing heirs and increasing one's marital and financial networks" (ibid, p. 849) spatially. On the other hand, banking firms owned by Muslims were also active in Hyderabad state in the late 18th century and early 19th century, but not in comparison to Hindu-owned banking firms. For example, though communities such as Khoja and Bohra Muslims (who were earlier Hindus and still follow Hindu laws) were merchants and bankers in western India and migrated to Hyderabad very early, they were "not leading bankers in Hyderabad state" (ibid, p. 837).

Historically, the police action in 1948 (by the Indian forces for its incorporation into the newly formed nation-state) and the subsequent political events in the Hyderabad City changed the demography and composition of elites. The 1948 police action led many Hyderabadi elites to migrate to USA and other developed countries, and reorientate themselves in different settings. Subsequently, in the 1970s and 1980s, the old Hyderabad elites (both Hindu and Muslim) had to compete with emerging new elites from coastal Andhra peasant communities for control over the Hyderabad City.

Andhra Pradesh during colonial period

The Ryotwari system prevailed in coastal Andhra and ceded districts of Rayalaseema in Andhra Pradesh (AP). Canal construction, especially a Cotton anicut in 1847-52 in Godavari region and Krishna barrage in 1852-55, led the agricultural development in the region. Subsequently, from a single rain-fed crop to multiple crops, commercial agriculture and trading of commodities took place on a wide scale in the region. High-value crops such as tobacco, cotton, paddy, sugarcane and chillies were adopted in the region, rent being paid in money. Agriculturalists from this region also looked for new avenues, which led some to the grain trade while a few became owners of the rice mills.

Until the 1930s, some of the peasant caste (Kammas, Kapus) landlords engaged in moneylending, trade, rice and oil mills. After the great depression, demand for moneylending diminished. This pushed them to think of different ways to create wealth. Local zamindars and estate owners were the first to look for different avenues. For example, Raja of Challapally (Krishna district) and Yarlagadda Sivaramprasad set up Andhra bank in 1923. They, with Gudavalli Ramabrahmam, also invested in the Sarathi film studio in 1938 and set up the Andhra Scientific Company for manufacturing precision measuring instruments, which was eventually taken over by Bharat electronics. Along with other Kamma zamindars, he financed a co-operative sugar factory at Uyyuru in 1936, and later at Rayagada, Odisha. Indeed, these entrepreneurs from Krishna district diversified into many portfolios such as mining, ferroalloys, the heavy-engineering industry for machines used in plants and mills, and cement. Similarly,

Mullapudi Harischandra Rao a Kamma, landlord who owned more than 1000 acres, started Andhra Sugars at Tanuku in 1951. Later, he expanded from sugars to chemicals, fertilisers, vegetable oils and textiles. Also, the Kapileswaram estate had started Sri Sarvaraya Sugars in East Godavari district by 1959. He also expanded into spinning mills, textiles, etc. As indicated, landlords and ex-Zamindars invested in sugars, agro-processing and other industries (Damodaran, 2008).

Andhra Pradesh during post-independent period

South Coastal Andhra

During the late 18th and early 19th centuries, the canal-irrigation facilities on the Godavari and Krishna rivers transformed agriculture in the region from subsistence to cash crops (mono-crops), especially paddy cultivation. This led farmers to become commercial farmers/rich peasants. As a result of this phenomenon, rural trade kicked off, and market towns such as Vijayawada, Guntur and Kakinada emerged with Komatis and Marwaris as the key players in those towns. The rich peasant castes such as Kammas, Reddys and Kapus in the region invested surplus funds in land and moneylending. Still others invested in local agro-processing units such as rice mills, and entered the grain trade. It was around this time that these communities started migrating to towns for business and their children's English education. This generated a class of rural elite who moved to urban towns yet didn't lose their affinity with the village and village affairs. They became educated and politically conscious, and maintained caste solidarity by organising caste associations. This proved to be one of the important factors for the emergence of business and political classes in the later period (Upadhya, 1988).

During the 1930s and later, as profits were stagnating and agricultural prices were not encouraging due to the depression, most of the dominant rich peasant communities such as Kammas and Reddys of the region looked to invest in entrepreneurship of different kinds, such as sugar factories and cotton mills. This implied that capital started moving from the countryside to towns/cities and outside regions as well. Most of the prominent sugar barons such as Andhra Sugars started their entrepreneurial journey in this period (Upadhya, 1988 and Damodaran, 2008). Writing on the economic transformation during the 1950s, Upadhya (1988) writes:

> "The 1950s was a period of modest industrial growth in the region, stimulated in part by land reforms. The abolition of Zamindari estates in 1949 induced the more enterprising zamindars to convert their assets into industrial capital. A large proportion of privately owned industries in East Godavari district, for example, are owned by former zamindars and estate holders, many of Kamma caste (N V V S Reddy 1981: 126). Members of the Kapileswarapuram Zamindari family, for one, established a textile mill in Kakinada, and later expanded into sugar and other industries. A number of other large-scale plants – sugar, cotton spinning, cement, and fertilisers – appeared in the region at this time. Many of these were established by large companies headquartered outside the region, but some were based on local zamindar/landlord capital. Most of the early local industrialists of the 1930s to 1950s were from this class,

but because zamindars belong to the 'peasant' castes, they became role models for their enterprising caste brethren of more humble backgrounds" (Upadhya, 1988; p.1378).

During 1970s, the post-green revolution gave another important impetus that transformed the region. This period strengthened capitalist tendencies in the agrarian economy with the introduction of HYV, agricultural inputs and technology. In this period, while the large and medium landowning farmers were transformed into "capitalist farmers" (Upadhya, 1988) with a good surplus from agriculture, the small and medium farmers were struggling with input costs and competition. However, the marked change was the small reinvestment of agrarian surpluses into agriculture. The rate of marginal utility and the Land Ceiling Act prevented these large farmers from investing in more lands and agricultural productivity. Their investments went into building luxurious houses, gold, urban real estate, agro-based industries, trading of agricultural commodities, rice mills, fertilisers and pesticides, government contracts such as irrigation projects and other construction works, chit funds, cinema halls and transportation. They also invested in small-scale industrial units and cement factories. During this period, regional capital entered into the industry (Baru, 1984). Not every caste member of a dominant agrarian community invested similarly, but they commonly spent a great deal of money on their children's education. Upadhya (1988) characterises that "Capital has flowed in both directions: agricultural profits were invested in the business when it was started in 1968, and business profits were used to buy more agricultural land" (Upadhya, 1988; p. 1380). In other words, "the rural traders and businessmen purchased land with business profits; in others, small farmers were able to increase their land-holdings only after making money in business" (ibid). Rural transformation led to the differentiation of peasant society and the emergence of enterprising agrarian castes, especially Kammas, Reddys and Kapus (Prasad, 2015).

During the 1960s, because of land reforms, a lot of rural wealth was converted into industrial capital, whereas first-generation rural Andhra entrepreneurs invested in construction, government contracts and transport. For example, SRMT (Sri Ramdas Motor Transport Ltd) was set up in 1944 by a group of Kamma cultivators. This started as passenger services in Kakinada region and grew into complete logistics with 350 branches across AP, TN and Karnataka. Later, this diversified into the manufacture of motor spare parts, a dealership for Tata commercial vehicles, and in 1989 into the production of engine valves. In the 1990s, a lot of investment went into the entertainment industry, educational institutions, the healthcare industry, etc.

Post-1990s, while many businesses expanded into Hyderabad and were increasingly able to integrate themselves into global circuits of capital in pharma, IT and ITES, real estate and construction, a lot of capital also went into the food-processing industries and aquaculture, with Kolleru Lake as the key site in the region because shrimp and shrimp fodder attained high demand from the USA and elsewhere. The proposed Machilipatnam, Ramayapatnam and Krishnapatnam ports may further accentuate this growth in the region. In this period, the land was brought into the speculative logic, and many of the upper castes are holding onto land through the process of landlordism and diaspora investments in the land. Similarly, horticulture is also growing fast in the region, another avenue for business activities.

North Coastal Andhra

The region was under the Zamindari system, and after its abolition in 1956, a large majority of landowners were small and marginal farmers. With limited irrigation facilities and canal water, a few agrarian communities belonging to OBC castes of Turpu Kapu, Koppula Velama, Polinati, Velama and Kaalingulu of Vizianagaram and Srikakulam districts benefited from rice, sugar and jute cultivation. But the surpluses were insufficient to diversify and leverage in big business. These communities emerged politically, especially after Telugu Desam Party (TDP) came to power and became involved into various contracts such as liquor, sand, road and mining and dealerships of various kinds.

The traditional merchant communities such as Komatis have confined themselves to trading – small-time businesses that have a remarkable presence in the town economy. Building on this economic base in the region, a few business elites such as Grandhi Mallikarjuna Rao (popularly known as GMR) from Vysya (Komati) community were able to advance to the level of global entrepreneur. His family started off with grain and jute trading in Rajam, a small town, and diversified into sugar factories, the cable wire industry, education, banking, power projects, and subsequently into infrastructural projects in undivided Andhra Pradesh, Tamil Nadu and Karnataka. Later, they entered road highways an, airports at a larger scale both in and outside the country, effectively leveraging his caste networks in the business and social realm. For instance, marriage alliances with another prominent Vysya (Bommidala) family from south coastal Andhra Pradesh helped expand his wealth creation and accumulation. In towns such as Vizianagaram, Marwaris are predominant in the local town economy, and a few OBCs (Turpu Kapus and Koppala Velamas) also made significant entry into business.

However, entry of elites from outside the region captured major business and trade activities. Explaining the role of non-locals in the major businesses in Visakhapatnam, Upadhya (1988) points out:

> "When new opportunities for business opened up, there was an influx of entrepreneurs from outside, mainly from southern coastal Andhra, who had the necessary resources and motivation to start new enterprises in the town. This 'takeover' of local business by 'outsiders' was mentioned by many, both 'outsiders' and local businessmen, and among the 'outsiders', it is mainly Kammas who are believed to have captured control of the local economy" (p.1438).

Vizag has experienced rapid industrialization since the 1950s, driven by major public sector undertakings. This industrial growth has spurred development across various sectors, including construction, transport, services, and real estate. Aside from the dominant Komatis engaged in traditional trade, Vizag lacks a native business community. Instead, immigrant business groups, such as Punjabis, Sindhis, Marwaris, and Parsis from North India, played a significant role in initiating small industries in the city (Nafziger, 1978).

Initially, local Andhra capital had limited influence on Vizag's growth. However, the construction of the outer harbor, the new naval dockyard, and the expansion of the oil refinery and Hindustan Shipyard attracted entrepreneurs from outside seeking new opportunities, particularly in contracting. Entrepreneurs from coastal

Andhra Pradesh began arriving from around 1965 to establish business ventures, with their numbers rapidly increasing since 1975. With the commencement of the steel plant's construction in 1982, the influx of businessmen, including contractors and transporters, further increased. This led to a surge in small-scale industrial units, particularly general engineering and fabrication firms, in anticipation of business opportunities related to the steel plant. Vizag became a booming city in Andhra Pradesh, characterized by uncontrolled growth, speculative real estate activities, and skyrocketing land prices (Upadhya, 1988).

The penetration of south coastal Andhra's capital through Kammas, Rajus, Reddys and Kapus into the investment portfolios is one thing, but the mechanism some of these castes nurtured to achieve near monopoly in the city's economic growth is quite interesting. Caste-based networks are highly evident in the active caste associations[2] of Vizag.

In fact, their entry is not limited just to the business: they have actively dominated the north coastal Andhra politics as well. From the 1990s onward, the legislative assembly, parliament and municipal corporation (MLAs, MPs, Municipal Chairperson) have been occupied by caste elites from outside the region.

Post-1990s, the pharmaceutical units and chemical plants grew enormously in the region, because the State facilitated land and provided incentives to these companies. Almost 80% of these units are located in and around Visakhapatnam. These include Aurobindo, Pfizer, Reddy's, Divi's, Hospira, Laurus, Eisai, Mylan, Lupin and Nagarjuna Agrichem" (Patnaik, 2022, HansIndia). This process has contributed significantly to wealth creation.

Currently, the announcement of three capital cities by YSRCP's government has repositioned Visakhapatnam as a prime city for economic activities. In fact, the two dominant castes (*Kammas* and *Reddys*) are competing for the city's resources and business opportunities. This further marginalises the local communities in the already "captured economy of the city".

Rayalaseema

The Rayalaseema region was under the Vjayanagara Empire, ruled by Srikrishnadevaraya. The local-level administration under Vijayanagara Empire formed a group of people called *Palegars*[3], who wielded enormous power and controlled the material resources and village masses. Knowing the nature of Palegars and their composition is important to understand present-day mobilisation politics, factional violence for the control of

[2] For instance, the Kamma caste association in Vizag primarily consists of affluent Kamma businessmen, although Kammas in other professions are also members. Apart from facilitating social connections, the association addressed the needs of its members through initiatives like providing education and scholarships to less fortunate caste members (Upadhya, 1988).

[3] Palegars are also referred as Polegars.

natural resources, and accumulation of massive wealth in the region. Colonial accounts indicate the presence of 80 *Palegars* who were powerful local elite (Prasad, 2015). On the composition of *Palegars*, Balagopal (2004) pointed out:

> "While the *Palegars* were mostly of non-cultivating communities such as Boya and Patra, the practice of establishing dominance and exercising power through the force of armed gangs became a characteristic feature of powerful landed communities, generically described as Kapu (husbandsman) but mainly of the Reddy caste in recent decades" (Balagopal, 2004; p.2426).

The present-day factional politics in the region goes far back to *Palegars*' feudal tradition. They controlled the villages with muscle power supported by organised armed gangs. When the British brought the region under its rule, the *Palegars* revolted against them until eventually the British contained them and made them their allies in the region. They later converted to Christianity under the influence of Christian missionaries (Jangam, 2013) and took an active role in missionary activities. This provided them with political and administrative access under British rule. Thus they had armed gangs with whose help they maintained order and assisted in the collection of revenue (Balagopal, 2004).

These groups, right from Vijayanagara Empire to post-colonial politics, have access to state administration. In fact, "the colonial experience and Christian conversions among Reddy factionists of Rayalaseema did not disturb their pre-colonial feudal roots and helped them perpetuate those inherited privileges unhindered" (Jangam, 2013; p.12). During the independence movement, they joined INC and have become part of the new administration post-independence as well. After independence, the land reforms and peasant struggles made the land transfer from absentee landlords and Brahmins to peasant castes such as Reddys and Kammas. Also, through the Reddy-karanam, Reddys gained control over large tracts of land in the region (Prasad, 2015). Though irrigation facilities in the region are scanty, the huge tracts of land helped them gain control over the region and village masses. Their children were sent to premier educational institutions in the USA and other developed countries, and some entered into business.

Although the region is not known for agrarian surplus like south coastal Andhra Pradesh, it is endowed with ores such as iron, barites, asbestos, gold, talc, cement-grade limestone, clay and dolomite. A lot of surplus from mining activities and civil contracts, arrack contracts and cement factories have been extracted with the help of these factions (Prasad, 2015). These groups monopolised substantial civil contracts in the region. With money flowing from the agrarian economy and mining mafia (of different kinds), they took control of the region and transformed factional politics into fully fledged instruments and political and economic domination at state level (Balagopal, 2004). This surplus has been diversified into different portfolios in Hyderabad, Bengaluru, and Visakhapatnam. YSR has built his solid network across the regions on the basis of caste networking and personal loyalty, and gave impetus to them by pumping massive investments into irrigation projects, roads, bridges, flyovers, etc., catering to its support base among the rich and powerful (Srinivasulu, 2009).

Telangana

The region of Telangana was under Nizam's feudal rule. Under Nizams rule, Nobles, Muslim Jagirdars, and local rulers of samasthanams acquired enormous tracts of land. Muslim Jagirdars and Hindu Deshmukhs/Deshpandes acted as moneylenders and village officials. Also, with the help of *vetti*, they extracted a lot of agrarian surpluses (Srinivasulu 2002). In Telangana, peasant armed struggles, Reddy ryots and tenants benefited from land distribution (Srinivasulu, 2002). A lot of agricultural land in the region is controlled by Reddy and Velama. During armed peasant struggles and Maoist movements, upper caste Velamas and Reddys are made to flee to Hyderabad from villages by selling lands (Prasad, 2015), buying land in and around Hyderabad. By using their caste networks, they became entrepreneurs as well.

Hyderabad City

The history of the development of the city is intertwined with the formation and developments of the regional state itself. The centuries of growth story of the city can be seen quite literally through the expansion of the old city to the new city and the developing parts around it. In the transition of a princely state to democratic rule, vast tracts of lands that belonged to the Nizam as his private estate were handed over to the new state. This meant that the State automatically came to own these lands, and did not have to compensate nor forcefully acquire them from private landowners in the initial years.

One of the main factors that sustained the importance of the city after independence, was new investment in the post-green revolution phase. The reinvestment of surpluses in different sectors facilitated the urban growth of the city. Ameerpet slowly became the hotspot for all kinds of professional training institutes, particularly in the IT sector. Banjara Hills became filled with the residences of the more affluent sections of the population. The transformation of Hyderabad City and its urban life is mentioned below:

> "From the 1950s to the turn of the twenty-first century, Hyderabad has been incorporated into greater India's developing urban culture, sharing trends evident elsewhere in the nation. In the 1960s, fancy gas stations with extensive grounds suddenly appeared to serve the new and privileged class of car and scooter owners; in the 1970s, palatial movie houses accommodate new audiences for India's expanding cinema industry. In the 1980s, family restaurants were opened, and the city's exclusive clubs added family entertainments. In the early 1990s came the flashy pubs, following the fashion in Bangalore. Now, former palaces transformed into marriage halls in the 1980s, bedecked with lights and with already existing purdah arrangements, are being supplanted by banquet halls in modern hotels and huge new Telugu-style marriage halls with rooms common to both men and women" (Leonard, 2018; p.408).

Accumulation pathways: macro-economic policies of Andhra Pradesh and Telangana (post-independence)

The post-independent AP has been categorised into different periods indicating different accumulation regimes. Following the Nehruvian model of economy, the state government initiated growth policies with huge public investments in different spheres until the late-1980s. From the 1990s, neoliberal policies have shaped and driven the economy. Based on growth, its distribution and structural transformation of the sectors, the economy of

united AP can be categorised into five different regimes: 1956-1970; 1970-1982; 1982-1995; 1995-2014 (Vakulabharanam and Motiram, 2012) and post-bifurcation (2014 to date). These regimes help us locate the emergence and consolidation of wealth elites in different sub-regions of AP and Telangana.

Period 1960-1970

From 1956 to 1970s, the economy was dominated by agriculture and allied activities. The share of agriculture and allied activities was more than twice the combined share of industry and services, which of course differed across regions. Along with the landlord class, other dominant classes were rich peasants, urban professionals and the incipient capitalist class. The presence of incipient capitalist class was felt, and their origin could be traced to the agro-processing industries in south coastal Andhra and different regions. While the public sector units in cities such as Hyderabad and Visakhapatnam were driving industrial growth, the incipient capitalist class established the agro-processing industries such as tobacco, sugar and rice mills, cotton ginning, jute, textiles, etc., in provincial towns (Vakulabharanam and Motiram, 2012), and most of them were established by Kammas in south coastal Andhra.

Period 1970-1982

Green revolution technologies have benefited the peasantry from Godavari, Krishna and Pennar delta regions, which increased the share of net area sown (Vakulabharanam and Motiram, 2012). The share of industry and service sectors has increased to 18% and 21% from 15% and 19% respectively. In this period, the state government attempted to implement land ceiling reforms, partly to counter the Maoist movement and partly to win over the landless sections, who were dissenting against the green revolution technologies and resultant inequalities. These reforms made the big landlords migrate to urban areas, both towns and cities, with investment in various proportions to set up cinema halls, take up small-scale civil contracts, and establish agro-industries. Rich peasant castes such as Kammas, Reddys and Rajus in south coastal Andhra and Reddys from Nellore and Rayalaseema have benefited from this (Balagopal, 1987; Upadhya, 1988; Vakulabharanam and Motiram, 2012).

Period 1982-1995

This period, like previous periods, was also marked by the dominance of agricultural economy with its share of 51%. The agricultural sector grew consistently because of green revolution technologies, HYV seeds and irrigation facilities. In this period, on average, industry and the service sector together contributed to nearly 50% of the SDP. Unlike other periods, manufacturing (11%) dominated the industry sector and followed by construction (8%). This period was marked by high growth rate in all the sectors with an overall NSDP growth rate of 5% – higher than the previous period.

Period 1995-2014

In this period, agricultural and service sectors registered increased growth, while the industrial sector witnessed decrease in growth in comparison. Significantly, this period was marked by structural transformation where the contribution of service sector (34%) to NSDP overtook the agriculture & allied sector (32%) for the first time, especially post-2000s (See Table 3.3, Appendix 3).

Here, it is important to bring to the fore economic reforms, initiated by the government that gave a big push to the accumulation dynamics and expansion of elites.

Economic reforms in AP

In this period, the state government, led by the then-chief minister Chandra Babu Naidu, pushed neoliberal economic reforms to effect the six sectoral components between 1999 and 2004 with the total outlay of Rs 3300 crores. These components include District Primary Education (20.3%), Primary Health (8.5%), Integrated Child Development (12.4%), Rural Road Upgradation and Maintenance (21.6%), Irrigation Rehabilitation and Maintenance (12.3%) and Public Enterprise Reform (3.2%). Soon, AP became the hotspot for private investments reflecting its rank from 22nd (out of 26 states) in 1995 to 3rd in 1999 (Kirk, 2002). Thus one could see AP in the forefront in pursuing neoliberal economic reforms in the country from the mid-1990s, inviting private capital both national and international, through loans and investments. This altered nature of the State facilitated the rise of business elites and provincial propertied classes in Hyderabad City region.

Entry of private capital in different sectors in AP

The State's facilitation of the entry of private capital in post-1990s lead to significant changes in different sectors. For instance, the radical shift happened with the way government brought AP Electricity reforms Act in 1998 by setting up the AP Electricity Regulatory Commission (Shukla and others, 2004). This facilitated private players such as GVK Industries Limited (GVK), Lanco Kondapalli Power Private Limited, GMR, etc., and subsequently many other private players.

Similarly, in the health sector, the state government initiated reforms through Andhra Pradesh First Referral Health System (APFRHS) Project, which opened up space for private players in tertiary as well as diagnostic centres. Since then, hospital chains such as Apollo, CARE, KIMS and Yashoda have sought to widen their catchment areas by creating referral chains to feed patients to the "main super-specialty hospitals for high-tech treatment". To incentivise these hospitals, the state government made land available at reduced prices, and provided tax concessions, import subsidies on medical equipment etc., contributing to the growth of corporate hospitals (Prasad Purendra 2022).

During the late-1990s, the government of AP facilitated high-profile investments such as Microsoft, Infosys and Wipro in the IT sector, in and around Hyderabad, which eventually grew to be the one of the important hubs for the IT sector in India.

In essence, this period marked the active promotion and execution of neoliberal policies, first by Chandrababu Naidu (complying with World Bank structural adjustment programmes) and later by YS Rajasekhar Reddy (neoliberal populism). While the Naidu's regime concentrated on the city-centred capitalist growth and largely the expansion of Kamma entrepreneurship with the support of foreign capital, Rajasekhar Reddy, who ushered in neoliberal populist schemes such as Arogya Sri, Fee-reimbursement and Jalayagnam, patronised the Reddy contractor-class entrepreneurs with the support of public finances. As a result, quite evidently, the industry and

service sectors grew at a higher rate and their contribution to NSDP has increased steeply. However, the wealth started to consolidate only among a few capitalist classes.

Thus, post-green revolution wealth formation followed a sub-regional story. Godavari, Krishna and Pennar delta regions have benefited the Kammas, Reddys, and a few Rajus and Kapus. The important point here is that the diversification of businesses of certain castes followed sub-regional wealth histories. For instance, while Kammas have leveraged on their agrarian surplus and education and started to consolidate their position utilising their caste networks across regions after the emergence of TDP in Godavari and Krishna deltas; however in Pennar delta region, Reddys from Nellore and Rayalaseema have mostly entered cement, mining, real estate, and contracts etc., with their political and caste networks (See Table 1.7, Table 1.8 and Table 1.10 in Appendix 1). Thus, the structural changes brought out by neoliberal policies have altered the composition of wealth elites.

Quite interestingly, the eruption of violence in different sub-regions of Telugu states is linked to the primitive and capitalist accumulation strategies. Vakulabharanam and Motiram (2012) argue:

> "In Rayalaseema, it was a residual of the old Palegar-styled factional violence that resurfaced in the 1970s and 1980s, typically between the established gentry and emerging elites. In coastal Andhra, it was the battle for provincial assertion among the rich peasant communities (such as Kammas, Reddies and Kapus), and between the rich peasant communities and the politically more conscious dalits. In Telangana, it pitted the Maoists (working with small peasants, landless workers, tendu (beedi) leaf workers and tribals) against the State and ruling classes. In the city of Hyderabad, it was the assertion of communal violence with new entrants from all regions" (Page 65).

Consequently, Reddys from Rayalaseema brought the factional violence into the structures of accumulation and acquired control over the natural resources, mining and government civil contracts, arrack (liquor) contracts. The liquor business had a pervasive influence on various forms of wealth accumulation and on forming political careers, because it served as few of the primary mechanism for redistributing wealth from the impoverished to the affluent and the government (Balagopal, 1992). He says that "it would be very difficult to find an MLA or any other people's representative in the state who has no connection with the arrack business" (Balagopal, 1992; p. 2458). This is not limited to the liquor contracts. The political patronage and subsequent rise of certain "lumpen" or "mafia class" in united AP, other than agrarian and business elites, had a structural impact on wealth-accumulation processes in the later stages (Haragopal, 2010).

Similarly, in coastal Andhra, provincial elites who had one step in urban and another in rural areas subsequently moved to urban centres, especially Hyderabad, diversifying their investments and business (Balagopal, 1992; Vakulabharanam and Motiram, 2012). While this was the case in Rayalaseema and coastal Andhra, where the violence was built into the capitalist accumulation strategies, Telangana's case seemed different. Here it needs to be noted that the active presence of the Maoist movement before the 2000s in Telangana, made the Velama and Reddy landlords flee the villages to Hyderabad, where they invested in several business sectors.

In brief, the separate Telangana movement had its roots in wealth accumulation and capture of state resources and business opportunities by the Andhra elite (Coastal Andhra and Rayalaseema). Therefore, it is important to examine the growth trajectories and accumulation dynamics in the post-bifurcation.

Post-bifurcation – Telangana and AP (2014 to date)

Service sector growth is predominant during this period for both the states. While the agricultural share is greater than industry in case of AP, the share of industry is reported to be higher than agriculture in case of Telangana.

Hyderabad wealth accumulation

After bifurcation, Telangana state continued with the neoliberal economic policies and privileged the growth of Hyderabad City. Crucial interventions began with the establishment of ease of business measures by consolidating the various development activities – expanding the administrative jurisdiction beyond the Greater Hyderabad Municipal Corporation (GHMC) in terms of outer ring road (ORR) and regional ring road (RRR) and the establishment of a special parastatal administrative body called Industrial Area Local Authority, or IALA. It started a new website for land registrations, called the *Dharani* portal, essentially facilitating the land transfers/sales from peasants to the wealthy elites.

All of these measures indicate a direct involvement of the State in the peri-urban areas of Hyderabad City, where the new urban nodes have quickly become the core of the city – housing the majority of companies, gated communities, commercial complexes and corporations that contributed most towards the city's growth. These peri-urban areas quickly became the hub of the IT industry, which began to grow at an unprecedented rate. The western part of the city became the new urban growth corridor, experiencing development of infrastructure including link roads, flyovers, metro rails, water connections, and so on. These areas include Madhapur, Jubilee Hills, Film Nagar, Kondapur, Nanakhramguda, Narsinghi, Manikonda, Shaikpet, Gachibowli and the Nallagandla part of Cyberabad (See Map 1 & Picture)

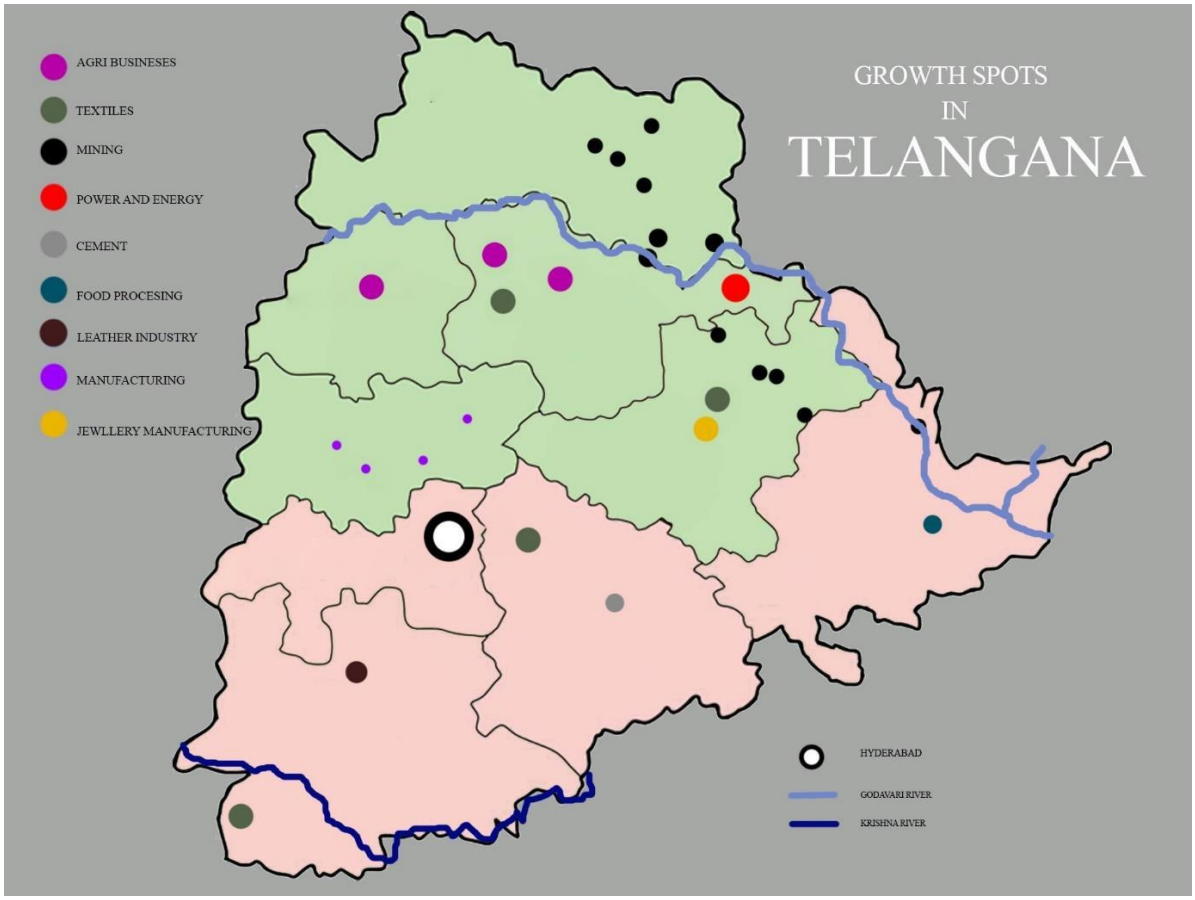


North and South Telangana

North Telangana region is relatively wealthy, and is located on the Godavari and Krishna river basins. One of the major flagship programmes of Telangana government was the Kaleshwaram lift irrigation project (KLIP), which was built with 1.2 lakh crores on the confluence of Pranahita and Godavari rivers in the year 2019. This irrigation project allowed farmers of Telangana to grow commercial crops, generating surplus from agriculture. However, this state-led project is embroiled in several controversies regarding corruption, leakages, political patronage of the contractor class, resulting in accumulation and reinvestment of private wealth in different sectors. For instance, Megha Engineering and Infrastructure Limited (MEIL) carrying out several works for the ambitious KLIP, was supposedly involved in sponsoring the wedding expenses of a top bureaucrat's daughter, indicating quid pro quo (The News Minute, 2022).

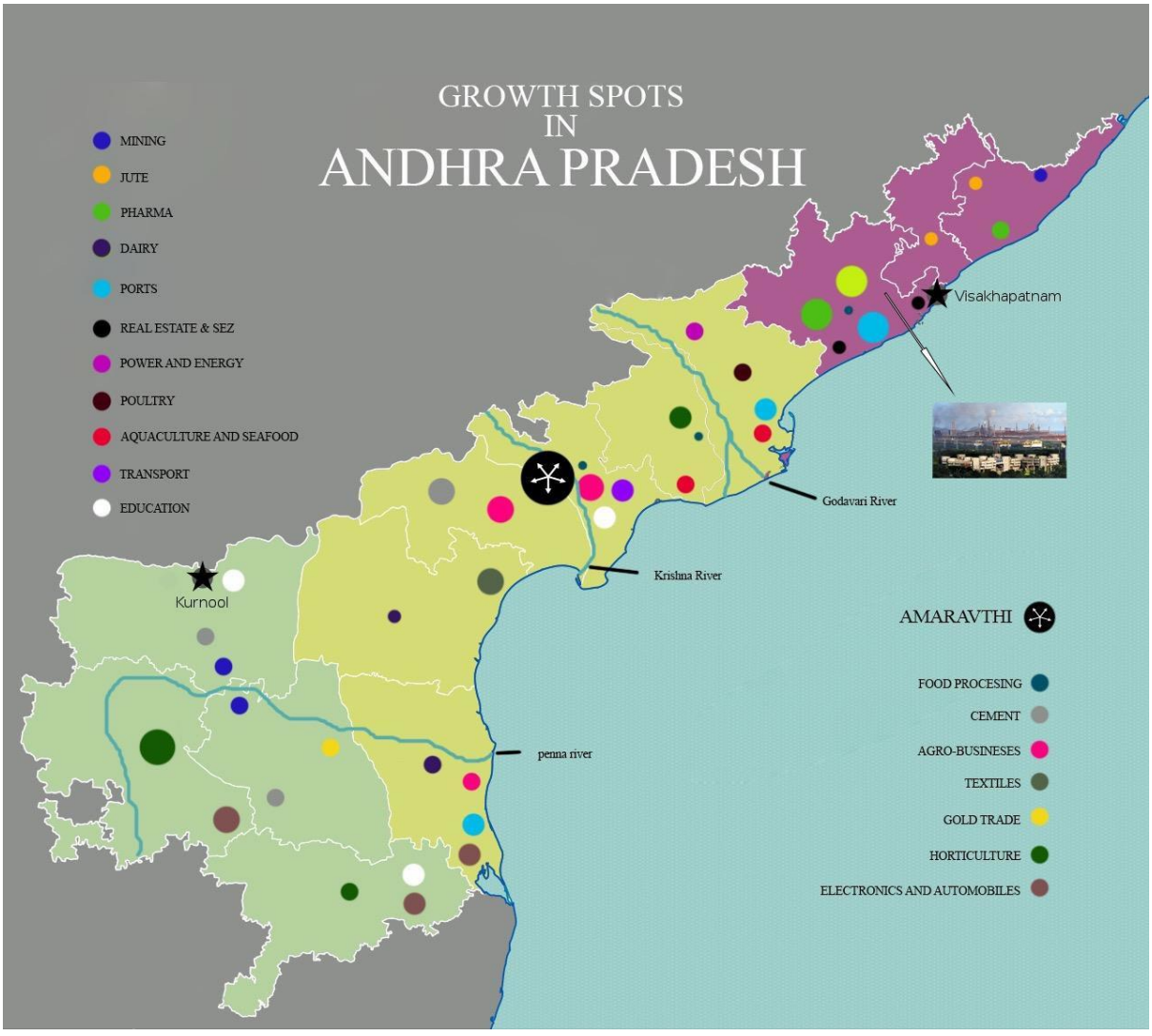
The State's policy of creating new districts, to expand them from ten to thirty, has boosted the real estate and speculative land markets in all the newly created district headquarters. People in and around these small towns are investing in buying plots for housing purposes. South Telangana region, particularly the district in and around Hyderabad, have been banking on speculative land prices, rent-seeking activities and special economic zones (SEZs).

Major growth sectors in Telangana include agribusiness, textiles, mining, power and energy, cement, food processing, leather industry and manufacturing sectors shown in the map below:



AP: Amaravati and three capitals/regions story

Since bifurcation, the new capital city Amaravati has been located in a sprawling area of more than 50,000 acres, comprising land from 29 villages on the banks of the Krishna River between Vijayawada and Guntur. The strategy for financing the capital city seems to be, on one hand, acquire/pool land from farmers, and on the other, attract capitalist investors by promising a long-term lease of huge chunks of this accumulated land (Vakulabharanam and Prasad 2017). With the announcement of Amaravati capital city in 2014, a whole host of real estate marketers caused the land prices in the region to skyrocket. As a result, the land market escalated by at least 30 to 40 times higher, transforming the agrarian landscape into a prime real estate market. This provided new opportunities for accumulation for a range of actors, both local and outsiders. The announcement of three capital cities in 2019 has cast a shadow on the "iconic" capital city Amaravati. Yet, the proposed three capital cities did not deter the investors – the class of businessmen and entrepreneurs involved in both the Amaravati and Visakhapatnam land markets (Prasad Purendra 2021). Major growth sectors in AP include aquaculture and seafood, transport, pharma, dairy, real estate, mining, education and coaching, and the health industry, etc., as shown in the map below:



In brief, this section discusses how state policies and macro-economic policies contributed to wealth accumulation during the Nehruvian period to the neoliberal period in both AP and Telangana, including Hyderabad City.

Major findings from the field

Wealth creation in different sectors

Real estate, software, pharmaceuticals, agribusiness and manufacturing are thriving business sectors contributing to large-scale wealth creation in Hyderabad City region. This is well reflected in our sample survey of 234 primary wealth owners (See Table 1.4, Appendix 1) corroborating secondary data (See Table3.1, Appendix 3). Disaggregated data at regional level shows that 80% business sectors are owned by primary wealth owners from south coastal Andhra and Hyderabad City region (See Table 1.8, Appendix 1).
Among the five business sectors mentioned above, four trends are evident:
One, PWOs in manufacturing and agribusiness are **agrarian elites** who mostly diversified from agriculture, especially in the post-green revolution phase, hence a significant proportion can be categorised as family business owners.

Second, PWOs in the real estate and construction sector are a mixed bag, comprising agrarian, **non-agrarian** and **urban elites**. Third, PWOs in pharma and the IT sector are the **new elite** with no substantial business background, who essentially leveraged their professional qualifications but subsequently nurtured caste and political networks to expand and diversify their business.

Fourth, there is an evident distinction between entrepreneurs who have entered other than their domain and those who leveraged their own domain knowledge. For example, entrepreneurs who worked in tech-based companies in USA and returned to India did not set up their domain-based companies; instead, several of them entered and established themselves in different business sectors by leveraging their caste and political networks to gain access to banks, bureaucracy and state. For instance, IT professionals who worked in US, have entered into other domains such as Spa chains, Millet and food processing, Education, Movie production, Real Estate, etc., upon their return to India.

Pharma and the IT sector

Most of the entrepreneurs in the pharma and IT sectors are highly qualified in the field, gained from elite educational institutions and with work experience in multinational companies at top level. Three significant points can be ascertained here:

One, most of the pharma companies have **professionalised** in certain niche products and leveraged their markets extensively. For instance, Divis Laboratories specialises in manufacturing generic API (Active Pharmaceutical Ingredients), custom synthesis or contract manufacturing for clients, and the manufacture of nutraceuticals (Chakraborty, 2019). Now, Divis founder Murali Divi is the richest Telugu person in the Hurun India List. Similarly, most of the pharmaceutical giants such as Aurobindo Pharma, Dr Reddys, Suven Pharma, etc., have

specialised in certain products with the majority of their market share coming from these products with a good degree of global presence.

Second, in order to thrive within the pharma sector, professional competence alone is not sufficient – it also needs support from the State and policies to set up, leverage and expand a business. A few investors actively benefited from the state policies and in some cases, they lobbied the State for appropriate policies. Pharma giants such as Aurobindo started their operations in Pondicherry, a Union Territory, because of tax benefits that the UTs offered, and then later diversified into various regions and states. Political patronage and nexus made the phenomenal growth of Aurobindo and Hetero pharma companies possible in a short time.
Third, most of the pharma companies and their networks can be traced back to either Dr Anji Reddy of Dr Reddy laboratories, a giant Indian multinational company, or IDPL (a public sector pharma Company), or both, indicating the significance of **professional and social networks**.

Similarly, IT sector entrepreneurs have returned from the US and Australia to set up their IT and software firms, while home-grown entrepreneurs have also emerged. This happened in two ways. First, after economic liberalisation during the late-1990s under the Naidu regime, the Y2K movement enabled many entrepreneurs to establish their firms. Second, digital technology enabled start-ups to gain momentum in India post-2010. Most of the PWOs are first-generation entrepreneurs, and have leveraged their competency, skill set, community networks, political affiliations and government policies. In terms of caste composition, many PWOs belong to Kamma or Reddy, while there are a small proportion of Rajus in this sector.

Health sector

In health sector, **doctor entrepreneurs** who qualified from elite institutions in India and abroad established medium and large corporate hospitals in the 1980s. Field data indicates that well-known hospitals such as KIMS, Medicity, Rainbow Hospitals, Global Hospitals and Maxcure Hospitals in the Hyderabad City region have all been established by practising doctors from one particular district (Nellore) and from a dominant caste community, indicating how regional networks operate in certain business sectors. Broadly speaking, three kinds of businesses and entrepreneurs can be categorised in the health sector: hospital, pharmacy and diagnostic chains. In most cases, the political nexus and networks brought these policies, which are modelled on insurance, and redistributed public funds to the handful of private players belonging to the Kamma and Reddy castes.

The promoters of major health sector conglomerates such as Apollo Hospitals, Care Hospitals, MedPlus, Rainbow, KIMS, etc., belonged to either Reddys or Kammas. One of the entrepreneurs who promoted Medplus group entered into the pharmacy chain, collaborated with pharma companies and reorganised the inventory process. He penetrated the market with a discount model, and later, other pharmacy chains had to follow. Using the same logic, the company also entered into diagnostics. Similarly, the turnover and net worth of Vijaya Diagnostics witnessed huge growth during and after the Covid pandemic, which reflects the larger trend in the world inequality report (Chancel and Piketty, 2021).

Aquaculture

The entrepreneurs in aquaculture are based mostly in south coastal AP. This sector is more or less monopolised by Kamma entrepreneurs. Unlike pharma and the IT business, who rely heavily on their professional competency and skills, this set of entrepreneurs rely on local political and caste networks. As the nature of this business involves managing ports and dealing with local farmers, their community and political networks play a significant role in generating wealth. This sector has been growing consistently for the last two decades, with a few individuals monopolising the trade, processing and fodder production. For instance, one of the PWOs was a civil contractor in Visakhapatnam, who also became a successful entrepreneur in aquaculture, because he was able to leverage local political and caste networks to become super-rich in a short period of time.

Business expansion and diversification

In the Hyderabad City region, the regional capitalist logic of expansion and diversification did not always follow the logic of profit maximisation. There are seemingly two types. Diversification of businesses was sometimes to diversify the risk, and in some cases, to invest the surplus into other portfolios and expand existing business portfolios. This also follows the logic of market dynamics prevailing at the local and global level. Initially, investments are made in terms of buying some stakes in the company and then later completely taking over the company. Acquisitions and mergers are not just the acquisition of another company: this is strategised based upon the targeted markets. These strategies usually work as a result of the specialisation that a particular company achieves in certain products, which helps parent companies to expand further or take over sick companies. For example, companies such as Cyient have risen to prominence with the help of mergers and acquisitions.

Still others enter into joint ventures with reputable global companies (it is quid pro quo in nature; they both benefit from these ventures). The pattern followed in these joint ventures, is that they are mostly between regional businesses and foreign companies. This way, these regional businesses sometimes outcompete the big national players in the field. Cement companies during the 1970s and 1980s and GMR Infra (mostly airport and power segments) are prominent examples in this regard. This kind of business network and ties enabled the easy entry of foreign capital on one hand, and on the other strengthened the regional and sub-regional capital.

Without exception, most of the PWOs from different business sectors in Hyderabad City region invested in real estate and in farm lands in peri-urban areas for speculative purposes and as a way of investments in rent-thick sectors. Small and medium businesses established their ancillary services to reduce the cost/risk and maximise the profits.

Different growth trajectories of PWOs

The growth trajectories follow dissimilar patterns. Wealth accumulation has a regional and caste dimension alongside a temporal dimension. As there is always competition between the residual capitalist class and the emerging capitalist class, understanding their trajectories is key to analysing the accumulation processes in different regimes. While some continue to exist in different regimes, some vanished (fallen wealth). This attrition rate is one important tool to understand the key dynamics in wealth, and how monopoly capitalist development

emerged. Our field data did indicate that some of the wealth elites such as PWO of Satyam Computers, PWOs of Pennar Cements, and Muslim elite from Hyderabad, can be categorised as falling wealth icons.

Our field data also indicated the following trends:

First, some of the PWOs' parents started modestly with small businesses like trading and local business. However, the next generation was able to leverage the market sources and grow themselves bigger (For example, shrimp and poultry businesses). In this, the inherited networks from the previous generations helped them greatly (see 5.5 for more on the networks). Second, some PWOs were able to utilise agricultural surplus effectively to move into growing industry/service sectors. Third a few other PWOs from dominant agrarian castes who had a good educational background and professional competence, entered into business at an appropriate time when global markets or state policies were favourable.

Fourth, some rose to the prominence through political patronage and political nexus (for example, stevedoring businesses in Visakhapatnam). Fifth, with change in political regime from time to time (say from Congress party to TDP to YSRCP), there is corresponding rise and fall of the business and contractor classes. This also indicated how much political patronage played a role in the state's support to certain PWOs belonging to few dominant castes and classes within each region. The common thread running across these cases is the significance of caste, region and their wider networks.

Business organisational dynamics

Investments are primarily done by a promoter group (who are listed as Hindu undivided family) and followed by public shares. The companies seemingly raise capital in three ways:

First, through surplus from earlier businesses or savings by the promoter group, loans from kith and kin, and public sector banks. Second, through joint ventures. Third, through the public issuing of shares. Sometimes, venture capitalist firms also invest in the company. And of course cross-company investments are not rare. For instance, the founders of Cyient and Tanla (both software companies) have stakes in Aparna Constructions (real estate and property development firm).

With the mandatory provision that there be at least one woman director among the board of directors of listed companies with Rs 300 crores or more paid up share capital, most of these listed companies have appointed woman from their family or extended family to the board of directors.

Inherited and interested networks

Our interviews with business elites indicate that the networks are important for any business. Many networks have caste and kinship dimensions in terms of raising capital, and expansion, regulation and control of the businesses. Similarly, the importance of political connections, patronage and nexus was also emphasised. "Networks" are the key tool in accumulation and also for understanding wealth formation and consolidation.

The key networks can be categorised into inherited networks and interested party networks. Inherited networks are those that come about by virtue of their personal identity such as caste, kinship and education (for example, alumni networks), whereas the interested party networks are formed by those interested in the success of a particular business (such as venture capitalists or politicians, etc.). As the Redbus founder indicated, "both networks are important". He narrated how his alumni networks helped him work on the idea of Redbus, while the interested party networks, such as venture capitalists, helped him with funds and other logistics.

Similarly, a lot of quid pro quo businesses help each other as they are interested in their success. Most of the cement industry entrepreneurs formed a consortium, and their cross-company networks helped them leverage business. The PWO of one of the big cement companies indicated that most of the powerful businesses from Nellore are owned by their relatives. He even indicated that their networks would be invoked as and when required, and that they maintain good relations with all the political parties, including communist parties.

The inter-caste marriage alliance (between the two powerful and dominant communities) helped them to leverage both the caste networks and consolidate their wealth. Similarly, the families of popular film actors belonging to Kapus or Kammas have entered into marriage alliances with big hospital chain PWOs' family. These marriage alliances (between the castes and among the castes) is a great tool to understand the wealth consolidation based on the caste networks.

On the other hand, a few business elites indicated that the caste networks could also be a liability; however, the evidence from our sample is limited in this regard. On the whole, while the networks are important, each sector has different types of networks. For instance, the kind of networks that pharma, IT and ITES leverage is entirely different from that of real estate, construction and mining, and that of power and manufacturing.

In the 1950s and 60s, two prominent business elites benefited because of their access to state, when the Nagarjuna Sagar Dam construction and related contracts were handed over to two prominent Reddy families. And in the 2000s, Jalayagnam irrigation project contracts were source of wealth accumulation for the dominant castes. Similarly, the current Kaleswaram irrigation project and Polavaram project contracts went to two caste communities: Velamas in Telangana and Reddy contractors in AP. The above narratives indicated that the State has been a consistent source of corruption, which opened paths towards wealth accumulation.

Caste and region intersected across these ethnic distinctions and thus created complex social networks that have shaped and continue to shape capital accumulation and distribution. While capital accumulation took place rapidly in south coastal Andhra, other regions, namely north Andhra, Rayalaseema and Telangana (except Hyderabad City), witnessed slow growth.

Towards conclusion – broad trends

Wealth accumulation is one of the key aspects of a capitalist economy. Indeed, the capitalist economy doesn't have a uniform pattern, and its dynamics are both temporal and spatial. The significant aspect in unearthing the wealth cultures in terms of elite formation and consolidation is to understand the dynamics of regional and sub-regional players who acquire prominence in political and economic spheres (Chari Sharad, 2004). Their dynamics are the result of a continuous struggle for sustenance in the business, risk diversification, profit-making and expansion of their portfolios. Therefore, this paper examined how effectively these dynamics operate in terms of both political patronage and nexus that determine the rise and fall of their wealth. Also, the question of whether the broader capitalist trends play out differently, contingent upon regional dynamics, or the regional dynamics chart their own trajectories in the broader ecosystem of capitalist trends has been looked into.

Historically speaking, two broad trends need to be highlighted here:
One, the hold of merchant communities in south Indian business was much weaker compared to Banias in North India (Harish Damodaran 2008). The absence of a dominant trading community – a "vaishya vacuum" –allowed for entrepreneurship from castes other than *Bania* or trader castes. Therefore, this helped peasant castes from the region to enter into trade – beginning with rice and oil mills, which they subsequently diversified into other sectors including money lending. Second, it is not only ex-Zamindaris and landlord classes (Challapalli Raja, Kapileshwaram Raja) that emerged as wealthy, but other landowning castes and classes, including the educated, professional and entrepreneurs, who made it to the top, with active utilisation of caste, kinship and political networks.

In the post-1990s, Hyderabad City region is witnessing a faster pace of wealth creation in certain business sectors. Three major trends emerge from our study:

First, while wealth accumulation is accounted for in terms of high growth in sectors such as IT, pharmaceuticals and real estate, our field accounts indicate that large-wealth creation occurred through contracts in irrigation projects such as Kaleswaram, Polavaram, and privatisation of seaports and infrastructure projects.
Second, sectors such as pharma, IT, real estate, construction, cinema, food processing, education, infrastructure, automobiles, poultry, and aquaculture continue to be the source of wealth accumulation even today. However, ITES, digital technology-led start-ups, e-commerce and horticulture have been emerging of late as the new wealth-accumulation spots. There is sectoral and sub-sectoral diversification, with a certain degree of rapidity in the past decade or so. Indeed, the business elites from certain dominant castes are still at the helm of both the old and the new sectors. However, while new entrants with professional education and technical competency have entered different niche sectors, the caste composition of them have not significantly changed.

Third, competition among the upper castes to expand and diversify their businesses has become intense after bifurcation of Telangana and AP. For instance, Velama Capital emerged significantly in Telangana, especially in real estate, the health industry and infrastructure projects competing with earlier business elites (who are mostly

from the state of AP). However, Dalit and OBC entrepreneurs are quite marginal in both old and new business sectors and in both the states.

Although the neoliberal economic policies seemingly opened the door for different social groups, especially for the people with professional education, the nature of political power (and the State) has been guiding and nurturing the regional business elite structures. While the early structural transformation of wealthy elites from agro-based industrial economy to service sector was facilitated by agrarian surplus and land, now the structural shift within the service sector is more complex. The regional and sub-regional story of wealth formation indicates that it is not just the broader economic reforms that have brought about this change, it is the regional political class that actively nurtured the business class. The structural transformation is thus the shift from the political patronage of business to the business patronage of the political or political nexus with business.

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