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# The International Political Economy of Disinvestment in the Semi-Periphery: A Comparative Longitudinal Analysis Of Power and Policy Evolution in India and Brazil

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## ABSTRACT

This study examines the evolving process of disinvestment in two semi-peripheral economies, namely India and Brazil. It critically challenges the neoliberal assumption that asset monetisation represents a straightforward laissez-faire retreat of the state. Adopting a mixed-methods research design, the study integrates quantitative data on fiscal performance and trade flows with a qualitative comparative case analysis of Air India and Brazil's Embraer. Drawing on a comparative political economy framework, the analysis investigates how managerial sovereignty is reconfigured through the reciprocal pressures exerted by political elites, economic elites, and labour unions. The findings suggest that successful industrial transformation depends less on fiscal mandates and more on the state's capacity to negotiate domestic institutional frictions and labour resistance. The study's original contribution lies in conceptualising the triadic power dynamics among these actors and demonstrating how their interaction reshapes the state's strategic position within the global economy. By contrasting the divergent trajectories of the Indian and Brazilian aviation sectors, alongside developments in the energy sector and bilateral economic relations, the study argues that economic policy evolution is fundamentally driven by power relations rather than merely technical reform processes.

## ARTICLE HISTORY

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## KEYWORDS

Disinvestment, International political economy, India - Brazil Relations, Civil Aviation, NITI Aayog, strategic Realism, infrastructure reform.

## I. Introduction

Since the economic reforms of 1991, the restructuring of India's public sector has unfolded as a gradual and negotiated process. Unlike the "shock therapy" model of privatisation adopted in post-Soviet states or the rapid liberalisation associated with Thatcherite reforms in the United Kingdom, India followed an incremental trajectory shaped by democratic constraints, federal bargaining, and sustained labour mobilisation. Within the framework of International Political Economy (IPE), such trajectories are understood as hybrid responses to the dual pressures of global market integration and entrenched domestic institutional legacies (Wade 2003; Kohli 2007). In this context, disinvestment in India extends beyond a mere fiscal instrument and reflects a broader reconfiguration of state-market relations in the Global South.

While existing scholarship has extensively examined the fiscal implications and governance transformations associated with India's economic reforms (Gupta et al. 2011; Singh 2018), significant analytical gaps remain. In particular, there is limited application of International Political Economy perspectives—especially those concerning labour market restructuring and integration into global value chains—to the study of disinvestment. Furthermore, comparative analyses with other emerging economies, such as Brazil, remain underexplored, despite both countries facing similar tensions betw-

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-een state ownership and the imperatives of globalisation. This study seeks to address these gaps by undertaking a comparative analysis of India and Brazil, both large federal democracies characterised by substantial state-owned enterprise sectors and active labour movements (Schneider 2013).

A central focus of this comparison lies in the divergence in reform outcomes. Brazil's privatisation of Embraer was closely aligned with a broader developmental strategy aimed at technological upgrading and industrial competitiveness. In contrast, India's disinvestment of Air India was marked by intermittent political commitment and fragmented regulatory coordination. To examine these dynamics, this study draws upon three principal theoretical frameworks: developmental state theory, dependency theory, and neo-liberal institutionalism, alongside other relevant perspectives.

### **1.1 Research Questions**

1. How has the architecture of disinvestment evolved to mediate the tensions between state survival and labour mobilisation?
2. How do the cases of Air India and Embraer illustrate the divergent influence of economic elites on national disinvestment strategies?
3. In what ways do the structural power of economic elites and the veto power of labour unions constrain or shape the economic decisions of the polity?
4. How does a multi-theoretical International Political Economy (IPE) framework—integrating systems theory, strategic realism, and dependency theory—account for the convergence and divergence of disinvestment pathways in semi-peripheral economies?

### **1.2 Significance and Contribution**

The contribution of this study is threefold.

First, reconceptualising disinvestment through an International Political Economy (IPE) lens.

The study situates disinvestment within the domain of International Political Economy, moving beyond a narrow focus on fiscal accounting to emphasise power-based outcomes. It highlights how the triangular relationship between the polity, economic actors, and labour unions shapes the trajectory of asset monetisation and restructuring processes.

Second, comparative institutional analysis.

The study contributes to comparative political economy by juxtaposing India and Brazil. It demonstrates how semi-peripheral states navigate similar global constraints through distinct domestic pathways. In particular, it contrasts India's approach of portfolio management with Brazil's strategy of institutionalised concessions, thereby revealing divergent responses to global economic pressures.

Third, theoretical synthesis of hybrid reform.

The study offers a synthesis of developmental state theory, dependency theory, and neo-liberal institutionalist perspectives. This theoretical triangulation enables the conceptualisation of disinvestment as a hybrid reform modality, wherein the state simultaneously pursues developmental objectives while adopting neo-liberal mechanisms to manage structural elite influence and pressures arising from global dependency.

### **1.3 Organization of the Study**

The remainder of the paper is structured as follows: Section 1 presents the introduction. Section 2 reviews the literature on International Political Economy and public sector reform. Section 3 outlines the theoretical framework. Section 4 discusses the research methodology. Section 5 presents the data analysis and empirical findings. Section 6 provides a comparative analysis of India and Brazil. Section 7 offers the conclusion, while Section 8 outlines directions for future research. Section 9 contains the references.

**Table 1: Timeline of key Liberalization and Disinvestment Policy Milestones (1991- 2025)**

Year/period	Government	Policy Milestone	Impact
1991	P.V Narasimha Rao	LPG Reforms & industrial policy statement	Initiated liberalization; Opened disinvestment window
1991	P.V Narasimha Rao	Disinvestment committee setup	First formal mechanism for PSU stake sale
1996-1997	United Front	Expansion of Disinvestment program	Continuing PSU stake sales, they also established the first <b>Disinvestment Commission</b>
1998	Atal Bihari Vajpayee NDA	Department of Disinvestment created	Institutional arrangement for Privatization
1999-2001	Atal Bihari Vajpayee	Strategic sale introduced	BALCO, VSNL, Hindustan Zinc, IPCL
2004	UPA-I (INC)	Strategic sale paused	Focus shifted to minority stake sale
2005	UPA-I	National investment fund created	To manage disinvestment receipts
2009-2014	UPA-II	Minority stake sales & PPP	ONGC, NTPC, NMDC listing
2014	BJP- led NDA	Disinvestment Rebranding	Reintroduced strategic disinvestment
2016	BJP- led NDA	DIPAM Formed	Replaced DoD under Ministry Of Finance
2017-2019	BJP led NDA	Buyback Driven receipts	PSU executed share buybacks
2020	BJP-led NDA	New Public Sector Policy	Classified Strategic Vs Non-strategic, This was part of the Atmanirbhar Bharat package.
2021	BJP led NDA	Air India Privatized	Sold to Tata group
2022-2024	BJP-led NDA	Monetization Pipeline	LIC IPO, BPCL attempt, asset

Source: Department Of Disinvestment, DIPAM reports

## II. Literature Review

The evolution of disinvestment policies in emerging economies, particularly within the civil aviation sector, has been widely examined through the lens of International Political Economy. This discourse has traditionally centred on state–market relations, wherein the state’s dual role as both operator and regulator significantly shapes the trajectory of economic reform (Bajpai and Sachs 2000). In both India and Brazil, the civil aviation sector was historically shaped by state-led industrialisation, as reflected in the prominence of Air India and the emergence of Embraer as a national champion (Schneider 2013). Early perspectives suggest that disinvestment was initially conceptualised not as a complete withdrawal of the state, but rather as a technical fiscal instrument aimed at addressing budgetary constraints while retaining strategic control.

However, this state-centric perspective has been increasingly challenged by scholars who emphasise the institutional constraints and labour dynamics that influence reform processes. In the Indian context, the transition from minority stake sales to the contemporary “asset monetisation” approach under the Department of Investment and Public Asset Management (DIPAM) has not followed a linear trajectory. Instead, it has been mediated by coalition politics and sustained labour union resistance (Singh 2018). While the introduction of public–private partnerships (PPPs) in airport infrastructure—led by entities such as GMR and the Adani Group—has facilitated the inflow of global capital and managerial expertise, it has also generated tensions between economic efficiency and social sustainability (Banerjee 2012).

This line of argument highlights that market-oriented reforms are often constrained by “veto players”, leading to labour precarity and the erosion of permanent employment structures, which in turn slows the pace of strategic disinvestment (Gupta, Mohan, and Chhibber 2011). A more integrated perspective seeks to reconcile these divergent views by situating domestic reform processes within the broader multi-scalar context of global markets.

Brazil’s experience offers an important point of comparison. Its use of concession agreements and state-backed financing through institutions such as the Brazilian Development Bank (BNDES) demonstrates how a neo-developmental state can achieve global competitiveness while maintaining institutionalised labour consultations (Ban and Blyth 2013). This integrated approach reveals that disinvestment is not merely a domestic policy choice, but is deeply embedded within global value chains, aircraft leasing markets, and international regulatory frameworks such as “open skies” agreements (Gereffi 2018; Armijo 2007).

The comparative logic between India and Brazil is rooted in their shared transition from state-led developmentalism to market-oriented neo-liberalism (Sirohi 2019). This transition is rarely a straightforward economic decision; rather, as Armijo (1999) argues, it reflects a persistent tension between the “balance sheet”—the state’s need for fiscal solvency—and the “ballot box,” or the electoral imperative of maintaining public support. Consequently, the disinvestment trajectories in both countries are characterised by “alternative pathways,” where the degree of institutional maturity influences the pace and nature of reform (Sirohi 2017).

Overall, the literature suggests that the success of public sector restructuring depends less on purely economic metrics and more on the state’s capacity to negotiate a “middle path” between global market pressures and domestic socio-political constraints. Despite these insights, a significant gap remains: few studies provide a cross-national comparison of India and Brazil using a unified International Political Economy framework that integrates labour dynamics, infrastructure, and state capacity. By synthesising these dimensions, this study seeks to provide a more comprehensive understanding of how large federal democracies navigate the complexities of privatisation in the twenty-first century.

### **III. Theoretical Framework**

This study adopts a multi-paradigmatic framework to analyse the disinvestment trajectories of India and Brazil by synthesising perspectives from International Relations, comparative politics, and political development theory. The approach moves beyond a purely fiscal interpretation of disinvestment to conceptualise it as a strategic recalibration of state power within a globalised political economy.

#### **3.1 International Relations and Systemic Drivers**

The impetus for disinvestment is interpreted through the lenses of state survival and global economic integration. Within strategic realism, as articulated by Schelling (1960), state actors are understood as rational and strategic bargainers. From this perspective, disinvestment may be viewed as a bargaining strategy through which states reduce legacy liabilities—such as the substantial debt burden associated with Air India—to enhance their diplomatic and financial flexibility within the international system.

Rosecrance's (1986) concept of the "trading state" further illuminates this dynamic. He distinguishes between military-territorial states and trading states, with the latter prioritising economic interdependence over territorial expansion. This study argues that both India and Brazil are gradually transitioning towards trading state orientations, wherein economic integration—particularly through aviation and related infrastructure—takes precedence over traditional models of state-led production.

Liberal institutionalism, as developed by Keohane and Nye (1977), highlights the role of international institutions and regimes in reducing uncertainty and fostering cooperation between sovereign states and global capital. Institutions such as BRICS, the United Nations, and UNCTAD contribute to disinvestment processes by promoting transparency, standardisation, and legitimacy in asset valuation and concession frameworks.

Constructivist theory, as proposed by Wendt (1999), emphasises that state interests are socially constructed rather than fixed. In this context, India's shift towards "wealth management" under the Department of Investment and Public Asset Management (DIPAM) reflects a normative redefinition of the state—from a socialist protector to a globally oriented managerial entity. Similarly, initiatives such as the International Solar Alliance signal an evolving identity, positioning the state as a "green sovereign" engaged in global climate governance.

### **3.2 Political Economy and Dependency Structures**

The South–South comparison between India and Brazil necessitates an analytical framework that accounts for structural inequalities within the global hierarchy. World-systems theory, as articulated by Wallerstein (1974), situates both countries as semi-peripheral actors embedded within a stratified global system. Cardoso (1979) further argues that development in such contexts is often dependent in nature, with disinvestment functioning as a mechanism to integrate into global value chains while remaining constrained by external capital flows.

The Singer–Prebisch hypothesis provides additional insight into structural vulnerabilities, particularly the declining terms of trade faced by commodity-exporting economies such as Brazil, in contrast to service-oriented economies like India. In response, disinvestment strategies are often employed to modernise critical sectors such as transport and energy, thereby enhancing global competitiveness. From a Marxist political economy perspective, disinvestment can be understood as a form of "accumulation by dispossession" (Harvey 2003), wherein state assets are transferred to private or global actors. In this context, tensions between the state and labour unions—such as the Indian National Trade Union Congress (INTUC)—reflect broader class struggles over the encroachment of global capital into public assets and institutions.

### **3.3 Comparative Politics: Systems, Culture, and Elites**

Domestic political institutions function as a "black box" through which systemic pressures are translated into policy outcomes. The systems theory proposed by Easton (1953) conceptualises policy-making as an input–output process, wherein the political system processes societal demands (inputs) into authoritative decisions (outputs), including those related to disinvestment.

Political culture, as developed by Almond and Verba (1963), further mediates the legitimacy and acceptance of reform. Civic orientations—cognitive, affective, and evaluative—shape public responses to disinvestment. In India, a subject–participatory hybrid political culture often generates resistance to the marketisation of public enterprises, whereas Brazil's more participatory political culture facilitates negotiation and concession-based reform processes.

Elite theory provides an additional explanatory dimension. The works of Pareto (1960), Mosca (1939),

and Mills (1956) highlight how power is concentrated within elite groups that shape policy outcomes. According to Michels' (1911) "iron law of oligarchy," even democratic systems tend to concentrate decision-making authority within a limited ruling class. Consequently, disinvestment processes are often influenced by technocratic and economic elites who drive the privatisation agenda, reinforcing the central role of elite agency in shaping reform trajectories.

### 3.4 Political Development and Modernization

This study evaluates the resilience of the political system during periods of structural transition. Huntington's (1968) theory of political decay provides a useful framework in this regard. He argues that when political mobilisation—such as labour strikes—outpaces the development of political institutions, the result is political decay. Viewed through this lens, India's reform process can be interpreted as exhibiting elements of institutional lag, wherein rapid socio-economic mobilisation is not fully matched by corresponding institutional adaptation.

Similarly, Pye's (1966) concept of the crisis of political development highlights the challenges associated with transitions from state-led to market-oriented systems. Such transitions often generate

crises of identity, legitimacy, and participation. These tensions are evident in the societal debates surrounding the disinvestment of Air India in India and Infraero in Brazil, where questions of national identity and public accountability intersect with economic restructuring.

Furthermore, Shils' (1975) typology of political systems offers an additional analytical perspective. This study draws upon his framework to assess whether India and Brazil function as tutelary democracies or evolving oligarchies, particularly in terms of how economic power is centralised following disinvestment. The analysis focuses on the extent to which political and economic elites influence the restructuring process and the implications this has for democratic governance and institutional

Period	Government Coalition Type	Prime Minister	Economic Orientation	Disinvestment Approach
1991-1996	INC Minority Government	P.V Narasimha Rao	liberalization global market integration	Initiated disinvestment ; minority stake sales begin
1996 - 1998	United front coalition	H.D Deve Gowda/I.K Gujral	liberal Developmental State Blend	Continued incremental disinvestment
1998 -2004	BJP led NDA coalition	Atal Bihari Vajpayee	liberalization + strategic privatization	Major strategic sales , BALCO , VSNL HZL, IPCL; DoD created
2004 -2009	UPA I (INC Led coalition)	Manmohan Singh	Social democratic + market reforms	Strategic sales paused; NIF set up; minorities stakes sold
2009- 2014	UPA 2 II (INC Led coalition)	Manmohan Singh	Moderate market liberalism	Stake sales in ONGC, NTPC, NMDC; PPP expansion
2014- 2019	BJP-led NDA Majority	Narendra Modi	Market-driven developmental and state	Rebranded disinvestment DIPAM formed; buybacks
2019- 2024	BJP led NDA majority	Narendra Modi	Strategy privatization + asset monetization	Air India privatization; LIC IPO; National monetization pipeline

Source: compiled from Government of India parliamentary archives (1991- 2024), Ministry Of Finance budget documents, DIPAM annual reports

An analysis of Table 2 indicates that the quality and trajectory of India's economic decisions are deeply embedded within the prevailing political–economic context. During the period of minority governments and multi-party coalitions (1991–2014), policy-making often relied on gradualist minority stake sales to maintain consensus among diverse political stakeholders. In contrast, the emergence of majority mandates since 2014 has facilitated a shift towards more decisive and market-oriented strategic disinvestment, including larger-scale privatisation initiatives (Department of Disinvestment and DIPAM 2024). This historical progression suggests that political stability—particularly the transition from fragmented coalitions to dominant parliamentary majorities—serves as a key determinant of the state's capacity to implement complex reforms such as asset monetisation and full-scale privatisation.

Key Insights from the Political Economy Analysis

**Political structure versus reform speed:** Coalition governments tend to prioritise incremental reform in order to manage political friction, whereas majority governments are better positioned to emphasise efficiency and accelerate the pace of implementation.

**Ideological convergence:** Despite differences in political affiliation, there is a discernible long-term convergence towards market-oriented liberalism. However, the nature and quality of reform—particularly whether it takes the form of strategic or minority stake sales—vary depending on the strength of the governing majority.

#### IV. Research Methodology

The study employs a convergent mixed method design to examine civil aviation disinvestment in India and Brazil from 1991 to 2025. Combining quantitative financial and operation data with qualitative policy and institutional analysis, the research captures the interactions between state-market relations, labour dynamics, and global economic pressures through the lens of international political economy. The period encompasses India's post liberalization reforms, the creation of DIPAM, and the contemporary wealth-management approach, alongside Brazil's airport privatization and neo-developmental industrial policies, providing a comparative framework for emerging economies. Quantitative data includes disinvestment receipts, dividend flows, airport concession revenues, and labour statistics such as workforce size, union density, and post disinvestment employment trends. Sources include DIPAM reports, union budget, Brazilian Ministry of economy records, airport operator reports, and international databases such as the World Bank ICAO, and UNCTAD. Qualitative data consist of policy documents, parliamentary debates, union reports (INTUC, AIAEF in India; Sindicato Nacional dos Aeronautas in Brazil), and peer reviewed literature, contextualizing quantitative findings within institutional and political frameworks.

The study identifies three temporal phases: (1) transition phase (1991–1999), covering initial minority stake sales in India and early airport concessions in Brazil (2) strategic sale phase (1999–2014), market buy selective privatization and industrial policy consolidation; and (3) institutional wealth management phase (2014–2025), reflecting DIPAM's operationalization and Brazil's matured PPP models emphasizing labour engagement, dividend optimisation, and regulatory oversight. This privatisation enables systematic comparison of state strategies, market participation, and labour response across both countries.

The analytical framework combines IPE theory with a comparative cross-national approach, examining how development models, institutional capacities, and labour relations influence disinvestment outcomes. Quantitative data are analysed using trend and cross-sectional analysis while qualitative data are assessed through thematic content analysis to identify governance patterns, coalition dynamics, and labour resistance. Key case studies include Air India, major CPSE airports (Delhi, Mumbai, Bangalore), Embraer, and Brazilian airports under concession (Sao Paulo–Guarulhos, Rio–Galeao), with attention to labour union negotiations, strikes, and policy influence while this methodology ensures a comprehensive understanding of fiscal, institutional, and social dimensions, limitations include incomplete Brazilian labour data and reliance on publicly reported figures, which

may underrepresent informal employment arrangement. Nevertheless, the approach provides a robust, replicable framework for evaluating comparative disinvestment strategies and labour impacts in the civil aviation sector of two major emerging economies.

## V. Data Analysis and Empirical Findings

The analysis examines longitudinal trends in civil aviation disinvestment in India and Brazil, categorised into three distinct phases: the transition phase (1991–1999), the strategic sale phase (1999–2014), and the institutional wealth management phase (2014–2025).

### 5.1. Fiscal Performance and Disinvestment Receipts

In India, fiscal receipts from disinvestment have evolved from modest minority stake sales to a more complex framework of asset monetisation. In the initial phases, the primary objective was to address immediate fiscal deficits. However, the post-2014 period, under the Department of Investment and Public Asset Management (DIPAM), reflects a strategic shift towards dividend optimisation. By the financial year 2024–25, dividend receipts reached approximately ₹74,000 crore, indicating that the state is increasingly leveraging its retained equity holdings to generate sustainable non-tax revenues.

In contrast, Brazil adopted a different approach through the Concession Law of 1995, which facilitated the creation of a predictable revenue stream. Unlike India's emphasis on equity dilution, Brazil's model transfers operational risk to private entities—such as in the case of São Paulo–Guarulhos—while the state retains ownership of the underlying infrastructure. This approach reduces exposure to political volatility associated with full privatisation.

**Figure 1. India's Approx Average annual receipts**

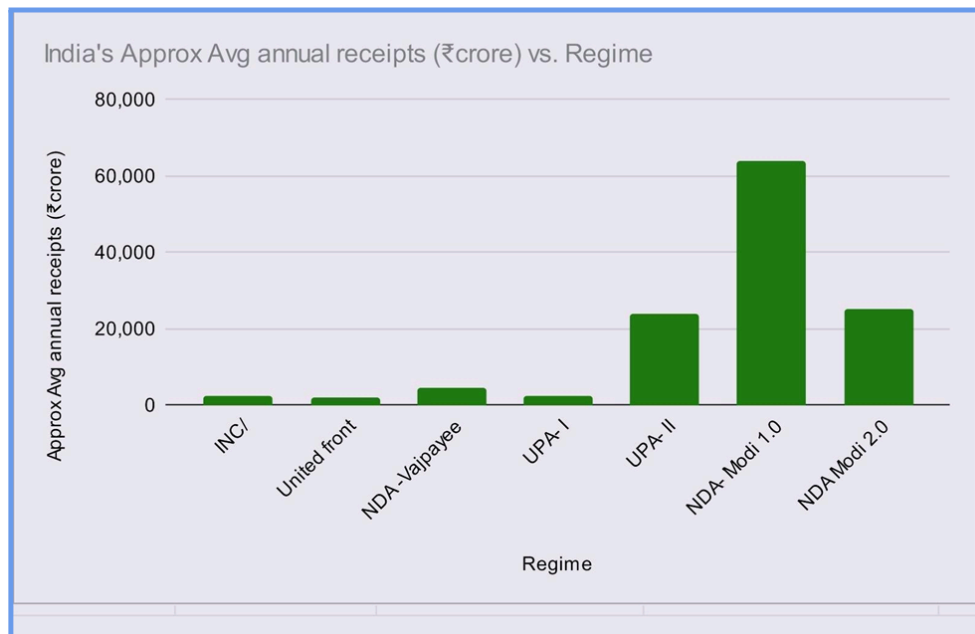


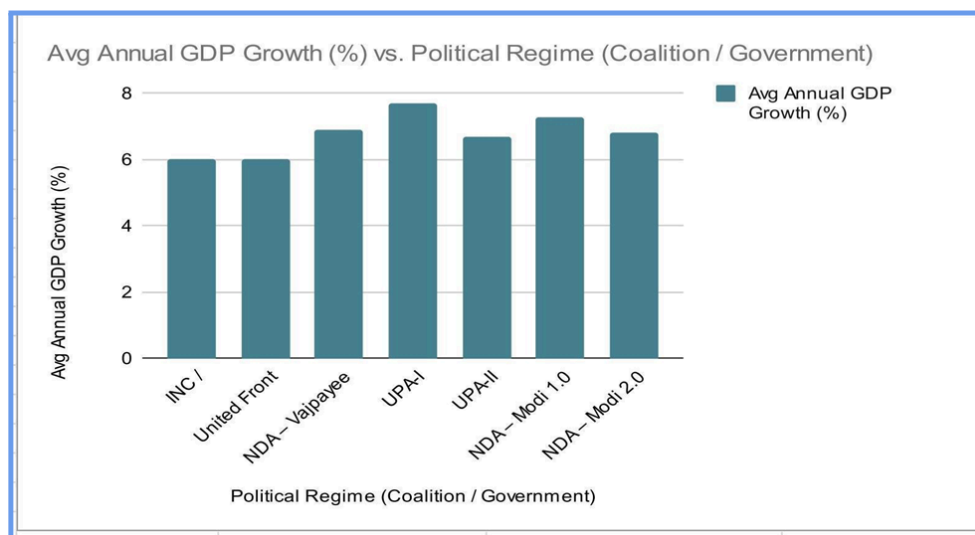
Figure 1. illustrates average disinvestment receipts (₹ crore) across different government regimes in India (1991–2024), based on compiled data from DIPAM and secondary sources (The Print 2021; Factly 2020).

## 5.2. Operational Efficiency and Market Performance

The findings suggest a correlation between political stability and the effective execution of reforms. Growth trend data from 1991 to 2024 (Figure 2) indicate that although the United Progressive Alliance (UPA) period (2004–2009) recorded relatively high economic growth, the National Democratic Alliance (NDA) under the Modi सरकार (2014–2025) institutionalised the reform process by transforming it from ad hoc transactions into a structured “monetisation pipeline”.

From an efficiency perspective, Brazil’s concession model has resulted in a consistent increase in revenue per passenger, reflecting improved operational efficiency. In contrast, India’s public–private partnership (PPP) model has supported high passenger growth; however, it has also encountered regulatory challenges related to aeronautical charges and labour costs.

**Figure 2: Average annual GDP growth across political regimes in India (1991–2024)**

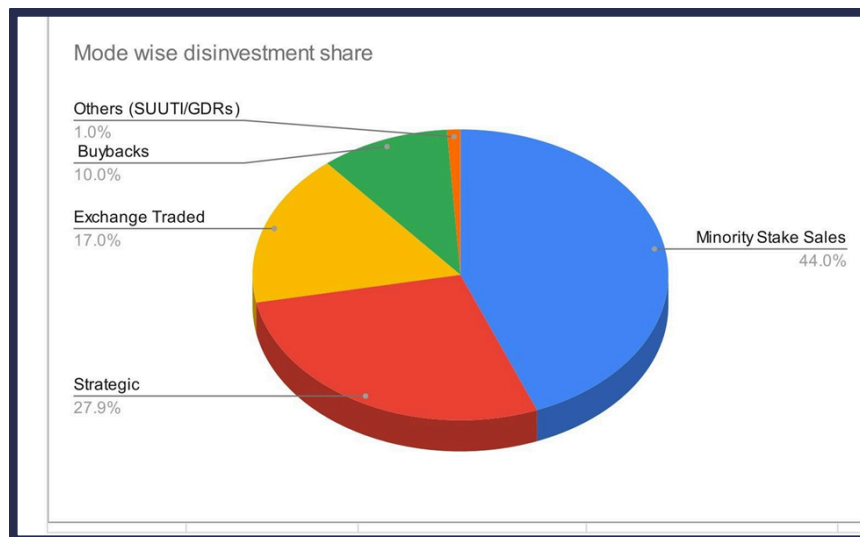


Source: Data adapted from the WorldBank “GDP Growth(Annual %)” dataset(2024) based on World Bank data (WorldBank 2024). The data indicate that the highest average growth occurred during the UPA I period (2004–2009), followed by moderated growth during UPA II (2009–2014). Growth remained relatively stable during the early NDA period (2014–2019), while post-2019 trends reflect volatility associated with the COVID-19 pandemic, highlighting the combined influence of global shocks and domestic policy environments.

## 5.3. Labour Union Impacts and Resistance

Labour outcomes represent a key point of divergence between India and Brazil. In India, fragmented resistance from trade unions—such as the Indian National Trade Union Congress (INTUC) and the Airport Authority Employees Federation (AIAEF)—has demonstrated veto power in delaying strategic disinvestment processes, particularly in the case of Air India and regional airports. The findings suggest that in states such as Tamil Nadu, labour mobilisation has acted as a significant barrier to reform, whereas in Telangana, negotiated social safeguards have facilitated smoother transitions.

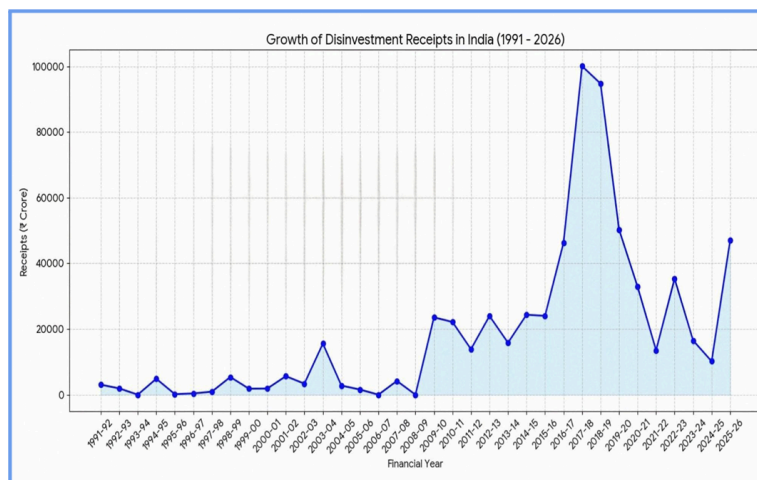
In contrast, Brazil has adopted a more institutionalised and coordinated approach to labour engagement. Through organisations such as the Sindicato Nacional dos Aeronautas, labour consultation has been integrated into concession frameworks. This approach has reduced the likelihood of prolonged resistance, as workers negotiate employment conditions within concession agreements rather than opposing privatisation outright.

**Figure 3: Mode-Wise Disinvestment Receipts in India (1991–2025)**

Source: Data adapted from DIPAM (2025) and Union Budget documents (1991–2025). Percentages may not total 100% due to rounding of miscellaneous receipts.

Figure 3 illustrates the mode-wise distribution of disinvestment receipts in India over the period 1991–2025. The data, adapted from DIPAM and Union Budget documents, indicate that while minority stake sales remain the dominant mode of disinvestment, strategic disinvestment accounts for a significant proportion of total proceeds, reflecting a gradual shift towards deeper privatisation (Department of Investment and Public Asset Management 2025).

The cumulative analysis suggests that the Government of India has mobilised approximately ₹6.5 lakh crore through disinvestment over a span of 35 years. While minority stake sales constitute the largest share, strategic disinvestment—defined as the transfer of ownership and management control—accounts for approximately 28 per cent of total value, indicating a growing emphasis on complete privatisation in selected non-strategic sectors.

**Figure 4: Growth of Disinvestment receipts in India 1991 to 2026**

Source: Data compiled from DIPAM Annual Reports (1991–2025), Union Budget documents (1991–2025), and the Economic Survey (various years). Values presented in ₹ crore. (Ministry of Finance, Government of India, 2025).

Figure 4 presents the growth of disinvestment receipts in India from 1991 to 2026, based on data compiled from DIPAM annual reports, Union Budget documents, and the Economic Survey (Ministry of Finance, Government of India 2025). The figure indicates a marked increase in receipts following 2014, with a peak observed in the financial year 2017–18.

A comparative analysis of the data presented in Figures 4 and 5 reveals that, while India's disinvestment receipts peaked in the post-2014 period, Brazil's trajectory has been characterised by cyclical waves of privatisation closely tied to shifts in presidential regimes.

### **The Indian Surge**

Following the institutional rebranding associated with the establishment of the Department of Investment and Public Asset Management (DIPAM), disinvestment receipts in India reached an all-time high in 2017–18. This surge reflects a broader shift towards “strategic disinvestment”, wherein the state moves beyond minority stake sales to withdraw entirely from non-essential sectors. This transition indicates not merely a fiscal adjustment but a structural reorientation of the state towards a market-mediated governance framework, in which public assets are leveraged for long-term revenue optimisation (Department of Investment and Public Asset Management 2025).

### **Brazil's Multi-Regime Strategy**

In contrast, Brazil has followed a more politically contingent and regime-dependent model of privatisation. Over the past three decades, the country has mobilised over USD 150 billion through privatisation and concession arrangements (see Table 3). The data indicate that during the Fernando Henrique Cardoso (FHC) administration (1995–2002), privatisation efforts were concentrated in utilities and telecommunications, reflecting a broader neoliberal restructuring agenda.

Subsequently, during the 2016–2022 period, Brazil shifted its focus towards transport infrastructure and airport concessions. This phase of privatisation was strategically employed to address economic stagnation and fiscal constraints, while maintaining public ownership of critical infrastructure assets. Unlike India's emphasis on ownership transfer, Brazil's concession-based model has enabled the state to retain long-term control while outsourcing operational responsibilities to private actors.

### **Interpretive Insight**

From an International Political Economy perspective, the comparison highlights two distinct trajectories of state-market restructuring. India demonstrates a gradual but decisive shift towards strategic disinvestment and partial withdrawal from ownership, whereas Brazil exemplifies a concession-driven model that balances market efficiency with continued state oversight. These divergent approaches reflect differing institutional capacities, political incentives, and development strategies within the broader context of emerging economies.

Note: It is important to note that Brazil does not publish consolidated annual disinvestment receipts in the same manner as India's Department of Investment and Public Asset Management (DIPAM). As a result, the figures presented here are cumulative approximations, disaggregated by political regime. These estimates are derived from official privatisation reports issued by the Government of Brazil (Gov.br), alongside sector-specific concession data and international datasets, including the United Nations Conference on Trade and Development (UNCTAD) Investment Policy Monitor. Additional estimates are informed by country-specific studies on privatisation trends.

## **5.4. International Political Economy Insights**

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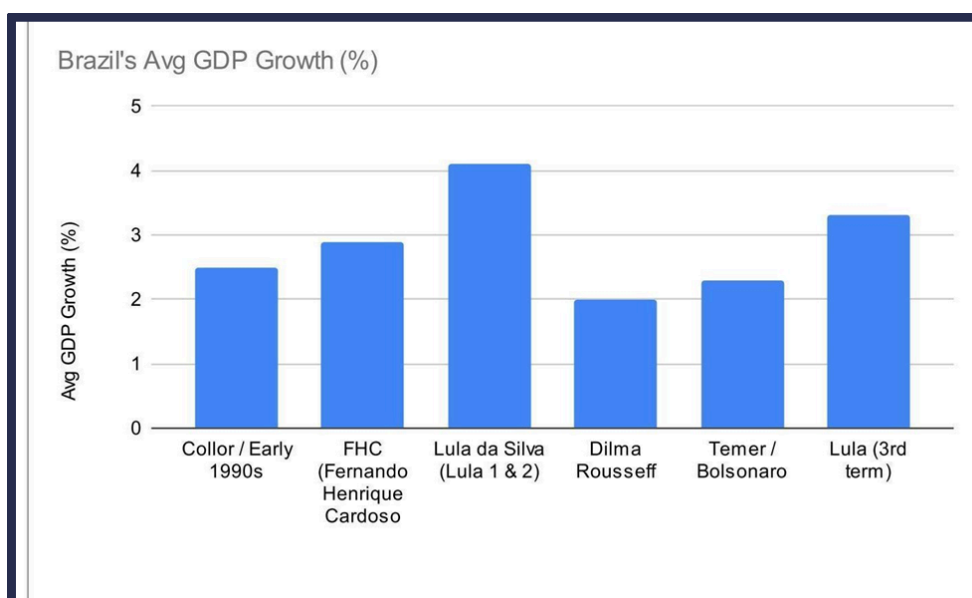
**Table 3: Brazil— Regime, Privatization/Concession Receipts & Political Context**

Political Regime	Period	Mode of Privatization/Concession	Approx. Receipts (US\$ billion)	Impact
Collor / Franco / Early 1990s	1990–1994	Early SOE privatizations	8.5	Brazil began privatization under PND; dozens of SOEs were sold; receipts modest in early years from sales such as Usiminas and Embraer
FHC (Fernando Henrique Cardoso)	1995–2002	Telecom, energy, infrastructure privatization	78.6	Major privatization wave; Program Nacional de Desestatização expanded privatisations to raise funds and attract investment.

Lula da Silva (1st & 2nd terms)	2003–2010	Airport concessions, utilities, minority SOE sales	30–35	Concession auctions expanded; macro growth supported privatization. (Sector-level estimates)
Dilma Rousseff	2011–2016	Continued transport concessions, limited privatizations	15–20	Concessions such as airport blocks; political constraints slowed pace.
Temer / Bolsonaro	2016–2022	Airport/transport/energy concessions; Eletrobras privatization	77.2+	Government reported record privatizations and concession receipts
Lula (3rd term)	2023–2024	Ongoing concession/privatization proposals	data not finalized	New regime with mixed approach toward privatization; policy debates continue

Note: It is important to note that Brazil does not publish consolidated annual disinvestment receipts in the same manner as India's Department of Investment and Public Asset Management (DIPAM). As a result, the figures presented here are cumulative approximations, disaggregated by political regime. These estimates are derived from official privatisation reports issued by the Government of Brazil (Gov.br), alongside sector-specific concession data and international datasets, including the United Nations Conference on Trade and Development (UNCTAD) Investment Policy Monitor. Additional estimates are informed by country-specific studies on privatisation trends.

**Figure 5: Brazil's average GDP growth rate**



Source: World Bank (2024). GDP growth (annual %): Brazil [Data set]. World Development Indicators. The bar chart illustrates significant variation in Brazil's annual GDP growth rates across presidential regimes from the early 1990s to 2024. Economic performance improved substantially during Luiz Inácio Lula da Silva's first two terms (2003–2010), coinciding with a global commodity boom and an expansionary social policy framework under a heterodox macroeconomic approach.

In contrast, growth decelerated during the presidency of Dilma Rousseff (2011–2016), reflecting a combination of fiscal tightening, declining commodity prices, and political instability, which ultimately culminated in her impeachment. The subsequent Temer–Bolsonaro period (2016–2022) is characterised by structural stagnation, compounded by political crises and the economic disruptions caused by the COVID-19 pandemic.

Preliminary estimates for Lula’s current term indicate a partial recovery, suggesting that Brazil’s growth trajectory is shaped by an interplay of political regime type, external economic conditions, and the strategic role of the state in industrial and social policy.

### **5.5 India – Civil Aviation Disinvestment Trends**

The Air India transaction serves as the primary empirical illustration of India’s “strategic exit” model and its fiscal implications. The transaction, with an enterprise value of approximately ₹18,000 crore, was structured to maximise fiscal space. By transferring approximately ₹15,300 crore of legacy debt to the acquiring entity, the state significantly reduced its contingent liabilities. This aspect of the transaction proved more consequential in the long term than the immediate cash inflow.

#### **Fiscal performance**

The Air India disinvestment provided a meaningful infusion into the exchequer while simultaneously reducing the fiscal burden associated with sustaining a loss-making public enterprise. Although the upfront cash inflow was relatively modest in comparison to the overall debt burden, the assumption of ₹15,300 crore in liabilities by the buyer substantially improved fiscal space and reduced the government’s exposure to contingent financial risks.

#### **Labour and operational dynamics**

In contrast to Brazil’s structured concession model—where workforce protections are often maintained through state-linked entities such as Infraero—the Air India transaction involved a full transfer of ownership to the private sector. This necessitated complex negotiations concerning workforce restructuring, employment contracts, and union representation, leading to ongoing discussions regarding post-PSU labour arrangements.

#### **Operational efficiency**

Following disinvestment, Air India transitioned to private management, with expectations of improvements in operational efficiency, including fleet modernisation, network optimisation, and enhanced revenue management. However, comprehensive post-privatisation performance metrics remain limited in publicly available aviation reports, and thus, the full extent of efficiency gains is yet to be systematically evaluated.

#### **Labour outcomes**

Privatisation has raised significant concerns regarding workforce restructuring, employee retention, and changes in contractual terms. Given that Air India historically operated with a highly unionised workforce under public sector protections, negotiations over employment conditions formed a critical component of the transition. The outcomes vary across employee categories and continue to evolve through ongoing institutional and labour negotiations.

### **5.6 Brazil – Airport Privatization and Concession Trends**

Unlike India’s single-entity privatisation model centred on Air India, Brazil’s approach is characterised by airport privatisation through long-term concession frameworks.

#### **Airport concessions and privatisation**

Beginning in the early 2010s, the Brazilian federal government initiated the concession of multiple major airports previously operated by Infraero, the state-owned airport authority. In March 2017, concessions were awarded for four major airports, with consortium investors committing -

approximately R\$6.61 billion in investment alongside long-term operating rights. Subsequently, in April 2021, auctions for 22 airport concessions generated approximately R\$3.3 billion (around USD 593 million), demonstrating an active and sustained privatisation pipeline.

By late 2023, approximately 90 per cent of Brazil's airports were under private management, with major domestic and international firms—such as Aena, CCR (Motiva), and Socicam—operating these facilities under long-term concession agreements.

Fiscal performance

Brazil's concession model generates multiple revenue streams, including upfront concession payments, recurring concession fees, and mandatory investment commitments for infrastructure development. Although Brazil does not consolidate total privatisation receipts in a centralised dataset, these individual concession revenues collectively contribute to both federal and subnational government finances.

### Operational efficiency

Privatised airports in Brazil are widely associated with improvements in service quality, capacity, and connectivity. Concession operators invest in terminal expansion, ground handling systems, and technological upgrades, leading to increased passenger throughput and broader infrastructure development following privatisation.

### Labour outcomes

Labour implications of airport privatisation in Brazil include changes in workforce composition, particularly through the transfer of employees from state-owned entities such as Infraero to private concession operators. While regulatory frameworks generally protect existing employee rights during the transition, concession arrangements often introduce new operational structures aimed at improving efficiency. These changes may affect job security, working conditions, and labour flexibility within the sector.

**Table 4 : Comparative summary India vs Brazil**

Aspect	India (Air India)	Brazil airport concessions
<b>Mode of Disinvestment</b>	Strategic sale of national airline	concessions/ privatisation of airport operation
<b>Fiscal receipts</b>	2,700 crore cash + dept transfer 2022	R\$3.3B from 22 airports 2021 + earlier commitment( e.g R\$6.61B 2017)
<b>Operational focus</b>	Airline management route efficiency	Airport infrastructure upgrades service equality
<b>Labour</b>	Workforce restructuring with union implications	Work forces reallocation regulatory protection amid managerial change

From a longitudinal perspective, India's principal reference point for aviation privatisation is the disinvestment of Air India, which reflects a strategic withdrawal of the state from direct airline ownership with the objective of enhancing fiscal discipline and operational efficiency. This case represents a decisive shift towards full or partial privatisation as a means of restructuring legacy liabilities and improving the financial sustainability of public enterprises.

In contrast, Brazil's aviation privatisation trajectory is characterised by a series of airport concession programmes implemented over an extended period. These concessions have progressively increased private sector participation in airport operations, contributing to improvements in service quality while also ensuring sustained long-term investment commitments in infrastructure.

From a contextual standpoint, India's model is best understood as a strategic sale framework centred on a single large public enterprise, reflecting centralised fiscal considerations and the need to address accumulated financial and operational inefficiencies. Brazil's approach, by comparison, is rooted in a concession-based model of privatisation, which combines market mechanisms with regulatory oversight. While private operators manage airport operations, the state retains strategic control through regulatory institutions such as the National Civil Aviation Agency (ANAC), thereby balancing efficiency gains with public accountability.

**Table 5: Airport privatization via concession in Brazil 2011 -2023**

Round/ Year	Asset concessioned	Operator type	Fiscal receipts/ investment commitments
Round 1 (2011 -12)	sao paulo, Brasilia compinas	Private consortia + infraero	Multi billion R\$ concession commitments
Round 2 (2013)	Rip Galeao, Belo Horizon	Private consortia	Up front concession fees+ multi year CAPEX
Round 3 (2017)	4 Airports	Global and local operators	RS 6.61 Billion Commitment
Round 4 (2021)	22 Airports	Multiple private operators	RS3.3 Billion Raised At Auction
Round 5 (2022-23)	Additional regional airports	Mixed	Progressive infraero disinvestment during completion

Empirical evidence from the aviation sector confirms that privatisation is often motivated by technical efficiency and global connectivity (Ohri 2009). Econometric studies of the Brazilian airport model indicate that while privatisation can stabilise airfares, it simultaneously generates a regulatory dependency on private concessionaires (Brito et al. 2021). Similar patterns are observable in the telecommunications sector in both India and Brazil, where the success of disinvestment is contingent upon pre-existing regulatory frameworks and the state's capacity to manage private-sector entry effectively (Sood and Jain 2011).

## 5.7 Comparative International Political Economy: India and Brazil in the 2026 Global Order

### Structural Economic Dichotomies: Services vs. Commodities

The divergence in disinvestment strategies between India and Brazil is not mainly a fiscal choice but a reflection of their distinct structural roles in the global economy.

### Structural Economic Dichotomies: Services vs. Commodities

The divergence in disinvestment strategies between India and Brazil reflects their distinct structural positions within the global economy rather than solely fiscal considerations. India's "leapfrogging" model emphasises the strategic sale of key public enterprises such as Air India, driven by central fiscal imperatives and the necessity to restructure legacy liabilities. Conversely, Brazil follows an "urban-industrial" profile, prioritising airport concessions with strong regulatory oversight while retaining policy control through institutions such as the National Civil Aviation Agency (ANAC).

Labour dynamics further shape these models. By 2025–26, Brazil's service sector employed approximately 71 per cent of the workforce, reflecting high structural integration. India, by contrast,

exhibits a “missing middle” in its labour distribution: the service sector accounts for over 55 per cent of GDP but employs only around 34 per cent of the population. This labour mismatch explains the heightened political sensitivity of India’s airline privatisation initiatives relative to Brazil’s concession-based airport model.

### **Avoiding the Middle-Income Trap**

Brazil provides a cautionary example of premature deindustrialisation, whereas India, maintaining projected growth rates of 6.5–7.3 per cent in 2026, has strategically channelled disinvestment proceeds into digital public infrastructure. This investment aims to facilitate a transition of labour into formalised digital and service-sector roles, thereby mitigating risks associated with the middle-income trap.

### **The Geoeconomic Pivot: China vs. United States**

In 2026, both nations navigate a fragmented global trade environment shaped by the “Donroe Doctrine”, characterised by transnational diplomacy and reciprocal tariffs (Vajiram and Ravi 2026). Brazil maintains significant economic dependence on China, which accounts for approximately 28–30 per cent of its exports. This resource-oriented relationship offers fiscal stability but constrains Brazil’s strategic manoeuvrability within BRICS+, often aligning the country ideologically with Beijing on issues such as de-dollarisation (Belfer Center 2025; ResearchGate 2021).

India, in contrast, has pursued strategic hedging, diversifying trade through free trade agreements with the European Union, the United Kingdom, and the European Free Trade Association, while retaining sovereign energy choices, including continued imports from Russia despite Western pressure (ISAS 2026; Stimson Center 2026). The Air India sale to Boeing and Airbus exemplifies India’s use of privatisation as a tool to cement strategic ties with multiple global partners simultaneously.

### **Energy Sovereignty and Renewable Development**

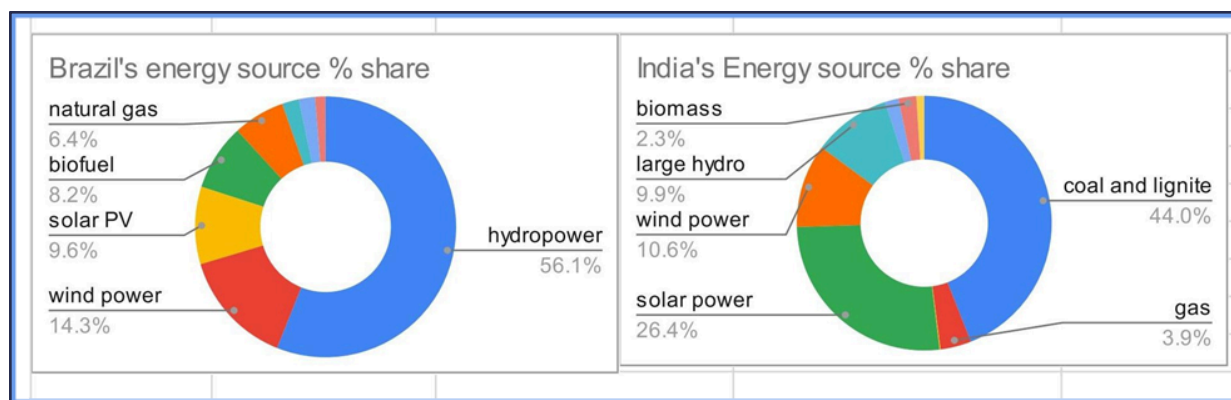
Both India and Brazil have emerged as “renewable superpowers”, although their energy strategies differ according to resource endowment. Brazil maintains one of the world’s cleanest energy matrices, with renewables comprising nearly 88 per cent of electricity generation, primarily led by hydropower and a globally competitive biofuels sector (IEA 2025; EPE 2025). India has focused on a solar energy surge, achieving 262.74 GW of non-fossil fuel capacity by late 2025—approximately 51.5 per cent of total installed capacity—with a target of 500 GW by 2030 (PIB 2025).

Institutional leadership further differentiates the two countries. India co-founded the International Solar Alliance (ISA) to promote south–south cooperation and export its solar technologies, such as solar pumps and rooftop systems, as instruments of soft power. Brazil leverages the ISA primarily to enhance grid resilience and diversify beyond hydropower dependency, aligning climate goals with private-sector investment through green airport terminal initiatives (GNPW Group 2026; PIB 2025).

### **Socio-Economic Welfare Models: Digital vs. Institutional**

India and Brazil exemplify two distinct models of social redistribution in the context of disinvestment. India employs a digital public infrastructure framework (Digital Verification Infrastructure and the JAM Trinity) to channel DIPAM-managed resources efficiently into direct benefit transfers (DBT), minimising leakage. Brazil, by contrast, maintains a rights-based universalism model, wherein concession revenues—particularly from airports such as Congonhas—support constitutional welfare pillars, including healthcare and social assistance programmes such as Bolsa Família.

### **Figure 6 & 7: Brazil's energy source share and India's energy source share**



Source: Ministry of Power, Year-End Review 2025 (PIB Release ID: 2215187) and Central Electricity Authority (CEA) Monthly Report (Dec 2025). Balanço Energético Nacional (BEN) 2025 - Summary Report, Empresa de Pesquisa Energética (EPE).

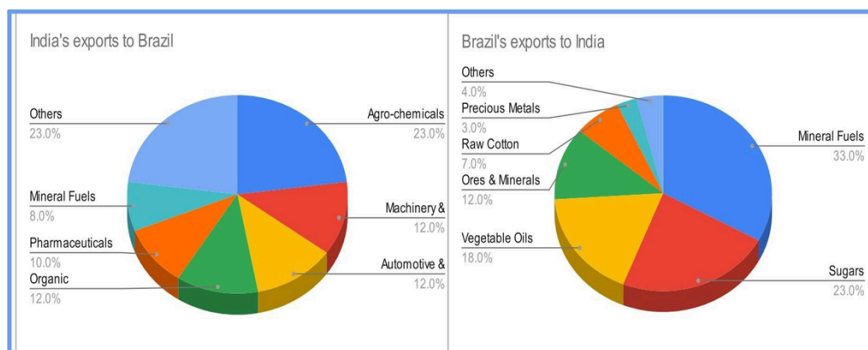
By the close of 2025, India achieved a historic milestone, with non-fossil fuel capacity reaching approximately 264.14 GW, thereby surpassing fossil fuel capacity of 245.60 GW. This transition reflects a 51.8 per cent share of non-fossil energy, driven primarily by a significant solar expansion of approximately 135.8 GW. In contrast, Brazil remains a global leader in the Global South in terms of generation purity, with approximately 88.2 per cent of its electricity derived from clean energy sources. These trajectories illustrate two distinct yet effective pathways towards energy sovereignty and decarbonisation, shaped by differing resource endowments and policy frameworks.

**Socio-Economic Welfare: Digital versus Institutional Best Practices**

A comparative analysis of welfare architectures reveals a broader shift from traditional bureaucratic intervention towards digitally enabled and rights-based models of social protection. In India, the Digital Public Infrastructure (DPI) framework—anchored by the JAM Trinity (Jan Dhan—Aadhaar—Mobile)—has enabled a highly efficient and leakage-free system of Direct Benefit Transfer (DBT). This system has facilitated the rapid scaling of welfare programmes such as the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY), thereby enhancing targeting efficiency and administrative transparency (World Bank 2026).

In contrast, Brazil’s welfare model is grounded in rights-based universalism. The Sistema Único de Saúde (SUS) provides universal healthcare as a constitutional right, representing a long-standing institutional commitment to social protection. India, through schemes such as Ayushman Bharat, is attempting to emulate aspects of this model through insurance-based coverage mechanisms (SciELO 2026). Additionally, Brazil’s Bolsa Família programme remains a global benchmark for conditional cash transfers, prioritising human capital development through conditionalities related to education and health (ResearchGate 2017).

**Figure 8 & 9 : India's exports to Brazil and Brazil exportsto India**



Source: Compiled from Ministry of External Affairs, India (2025) and MDIC (ComexStat) Brazil.

The bilateral trade architecture between India and Brazil remains structurally complementary and vertically integrated. Data compiled from the Ministry of External Affairs (India) and Brazil's MDIC (ComexStat) for 2025 indicate a clear divergence in trade composition. India's exports to Brazil are concentrated in value-added technical products, particularly agrochemicals (23 per cent) and engineering and machinery (24 per cent combined).

Conversely, Brazil's exports to India are heavily concentrated in primary commodities, including crude oil (33 per cent) and agribusiness products such as sugar and soybeans (41 per cent combined). This complementarity reflects a mutually beneficial but asymmetrical trade relationship. As noted in official data, India serves as a high-technology supplier to Brazil's agricultural sector, exporting agrochemicals valued at over USD 1 billion annually. In return, Brazil functions as a strategic supplier of energy and food security inputs for India, with crude oil and vegetable oils accounting for imports exceeding USD 2.3 billion.

While this interdependence strengthens bilateral economic ties, it also underscores a continued reliance on primary commodities. Both nations are therefore pursuing diversification strategies, including proposed joint production initiatives in sectors such as defence and aerospace, to reduce structural vulnerabilities and enhance value-chain integration.

### 5.8 Concentration of Corporate Power and Structural Influence

To fully understand the structural dimensions of the disinvestment process, it is essential to examine the concentration of economic power within domestic markets. Table 6 presents a comparative profile of leading business groups in India and Brazil, highlighting their net worth, work-force size, global presence, and sectoral contributions. These entities represent key nodes of national capital accumulation and exert significant influence over economic restructuring processes. Note for Table 6

**Table 6: Comparative Profile of Dominant Economic Elites (FY 2024–25)**

Country	Business group	Global net worth in USD	Global workforce	Presence( in countries)	Key sector contribution
India	Tata Group	\$310B (M-Cap)	1,000,000+	100	Civil Aviation & IT
India	Reliance industries	\$115B+	390,000+	20	Energy & Telecom
India	Adani groups	\$85B+	45,000+	15	Ports & Infrastructure
Brazil	JBS.SA	\$73B+	280,000+	20	Agribusiness & Food
Brazil	Vale S.A	\$36B+	120,000+	30	Mining & Infrastructure
Brazil	Itaú Unibanco	\$27B+	100,000+	18+	Financial

Source: Compiled by the author based on Forbes Global 2000 (2025), BNDES reports, and corporate filings, including annual reports from Tata, Reliance, and JBS (2024–25), as well as Bloomberg Billionaires Index data.

The quantitative profile presented in Table 6 underscores the structural concentration of economic -

power within the Indian and Brazilian economies. The combined market capitalisation, global revenues, and transnational reach of these dominant conglomerates represent a significant proportion of national economic output, thereby positioning them as central actors in the political economy of both countries.

These “national champions” exert influence not only through direct lobbying but also by shaping the broader political and economic landscape. Their contribution extends to capital formation, technological development, and foreign exchange remittances—exceeding USD 135 billion in the case of India in 2025. Such financial and structural contributions render these conglomerates indispensable to macroeconomic stability.

As a consequence, the state is structurally incentivised to design disinvestment frameworks—such as asset concessions and strategic sales—that align with the operational capacities and long-term interests of these elite business groups. This symbiotic relationship ensures that disinvestment functions not merely as a fiscal or efficiency-driven reform, but also as a mechanism of elite consolidation. In this process, state-led sectors are progressively transformed into private oligopolies with enhanced capacity to compete in global markets.

**Table 7: Major labor associations.**

Country	Key labour association	Membership (Approx.)	Political Alignment	Influence on disinvestment
India	BMS (Bharatiya Mazdoor Sangh)	10 million+	Linked to ruling party (BJP/RSS)	Forces "Gradualism"; prevents total privatization to protect jobs.
India	AITUC / CITU	6 million+	Left-leaning / Opposition	Leads strikes in Coal, Banking, and Steel sectors.
Brazil	CUT (Central Única dos Trabalhadores)	7.4 million	Linked to Workers' Party (PT/Lula)	Uses legal challenges and mass protests to stop asset sales.
Brazil	Força Sindical	2 million	Centrist	Negotiates for "Profit Sharing" during privatization.

Labour associations constitute a critical mediating force in the disinvestment process, shaping both the pace and nature of privatisation in India and Brazil. In India, labour organisations such as the Bharatiya Mazdoor Sangh (BMS) and the All India Trade Union Congress (AITUC), along with the Centre of Indian Trade Unions (CITU), play a significant role in influencing policy outcomes.

The BMS, with its affiliation to the ruling political establishment, often advocates for a gradualist approach to disinvestment, prioritising employment protection and incremental reform. In contrast, left-leaning organisations such as AITUC and CITU actively resist privatisation through strikes and collective mobilisation, particularly in strategically important sectors such as coal, banking, and steel.

In Brazil, labour dynamics exhibit a more institutionalised form of engagement. The Central Única dos Trabalhadores (CUT), which is closely associated with the Workers' Party, frequently employs both -

legal mechanisms and large-scale mobilisation to challenge asset sales. Meanwhile, Força Sindical adopts a more centrist and negotiation-oriented approach, often securing concessions such as profit-sharing arrangements within privatisation frameworks.

Collectively, these labour institutions highlight the extent to which disinvestment is not solely a technocratic or fiscal exercise, but rather a deeply political process shaped by competing social forces, institutional structures, and ideological alignments within each country.

## **VI. Discussion**

The comparative analysis of civil aviation disinvestment in India and Brazil reveals a complex interaction between systemic global pressures and domestic institutional constraints. While both nations seek to modernise infrastructure and integrate into the global economy, their policy trajectories are shaped by what David Easton (1953) conceptualises as the “authoritative allocation of values” within distinct political systems.

### **6.1 Systemic Logic: Strategic Realism and the Trading State**

The global impetus for disinvestment reflects a broader transformation towards what Richard Rosecrance (1986) terms the “trading state”, wherein economic integration supersedes territorial control as the primary objective of state policy. In this context, both India and Brazil have pursued aviation privatisation as a mechanism for embedding themselves within global production and mobility networks.

From the perspective of strategic realism, as articulated by Thomas Schelling (1960), the Indian state’s decision to transfer approximately ₹15,300 crore of Air India’s legacy debt can be interpreted as a rational bargaining strategy. By shedding fiscal liabilities, the state enhances its “sovereign agility” in global financial markets.

Furthermore, institutional trust plays a critical role in facilitating disinvestment. As argued by Robert Keohane and Joseph Nye (1977), international regimes help reduce uncertainty and build credibility between states and global capital. Brazil’s reliance on regulatory institutions such as ANAC and its standardised concession framework exemplifies this dynamic, enabling the attraction of global operators such as Aena and Fraport.

### **6.2 The "Black Box" of Domestic Friction: Systems and Cultures**

While global economic pressures provide consistent inputs, policy outcomes diverge due to domestic institutional and cultural dynamics. In India, the “subject-participatory” political culture identified by Gabriel Almond and Sidney Verba (1963) generates resistance to market-oriented reforms. Labour organisations, including INTUC, often interpret public enterprises as instruments of social protection rather than commercial entities.

This has resulted in what Banerjee (2012) describes as “negotiated reform”, compelling the state to adopt a more gradualist approach, exemplified by the shift towards dividend optimisation (₹74,000 crore in FY 2024–25) rather than wholesale privatisation.

Applying Samuel P. Huntington’s (1968) concept of political decay, India’s reform trajectory may be interpreted as a case where political mobilisation—particularly labour resistance—outpaces institutional capacity. In contrast, Brazil’s Lei nº 8.987/1995 demonstrates a higher level of institutionalisation, enabling more effective processing of policy inputs into outputs with reduced systemic friction.

### **6.3 Structural Realities: Dependency and Class Dynamics**

A combined Marxist and dependency perspective provides a critical lens through which to interpret -

disinvestment outcomes. From the standpoint of “accumulation by dispossession” (David Harvey 2003), the transfer of public assets to private actors represents a restructuring of ownership that may exacerbate inequalities.

Elite theory further reinforces this interpretation. The concentration of decision-making power within a limited group of economic actors reflects the “power elite” framework proposed by C. Wright Mills (1956) and the “iron law of oligarchy” articulated by Robert Michels (1911). In both India and Brazil, disinvestment decisions are increasingly concentrated within technocratic and economic elites.

From a dependency perspective, as outlined by Immanuel Wallerstein (1974) and Fernando Henrique Cardoso (1979), both countries remain situated within the semi-periphery of the global system. Brazil’s continued reliance on commodity exports reflects the structural constraints identified in the Singer–Prebisch thesis, wherein peripheral economies remain dependent on the core for technological advancement.

#### **6.4 Identity and Justice: Constructing the Modern State**

Beyond material considerations, disinvestment reflects a transformation in state identity. According to Alexander Wendt (1999), state interests are socially constructed. The shift from “disinvestment” to “wealth management” in India represents a normative rebranding of the state—from a provider of goods to a sovereign manager of assets.

Both India and Brazil seek to legitimise disinvestment through redistributive mechanisms aligned with theories of justice. Drawing on John Rawls (1971), the recycling of disinvestment proceeds into welfare programmes reflects an attempt to ensure fairness in distribution. India’s investment in digital public infrastructure and Brazil’s allocation of concession revenues to public healthcare (SUS) demonstrate efforts to enhance societal welfare.

Similarly, Amartya Sen (1999) emphasises the importance of expanding human capabilities. In this regard, both states utilise disinvestment proceeds to strengthen social and economic capacities, thereby mitigating the distributive consequences of market-oriented reforms.

Synthesis: The analysis confirms that systemic drivers—such as strategic bargaining and global market norms—are mediated by domestic variables, including political culture and labour mobilisation. This interaction produces a hybrid state–market model characteristic of contemporary emerging economies.

#### **6.5 The Political Economy of Elite Capture and Structural Power**

The empirical evidence necessitates a critical reassessment of the relationship between the state and the market. Contrary to classical liberal assumptions of neutral market formation, the data reveal the structural power of capital, wherein economic elites actively shape policy outcomes.

The scale and influence of major conglomerates—such as the Tata, Reliance, and Adani groups in India, and JBS and Vale in Brazil—grant them what Charles Lindblom (1977) describes as a “structural veto”. Their control over employment generation and foreign exchange flows creates a form of state dependency, whereby political leadership is incentivised to align policy frameworks with elite interests. This “reverse influence” dynamic implies that the state does not merely regulate capital; rather, its own stability becomes contingent upon the continued investment of these economic actors. Consequently, disinvestment initiatives—such as India’s National Monetisation Pipeline and Brazil’s concession frameworks—are designed to accommodate the capital-intensive capacities of domestic elites.

The outcome is a transition from public monopolies to private oligopolies. By establishing high entry

barriers—such as substantial capital requirements and technical qualifications—the state effectively selects a limited set of actors capable of acquiring public assets. This creates a mutually reinforcing relationship: political actors gain legitimacy through claims of fiscal efficiency and infrastructure development, while economic elites acquire de-risked assets that generate long-term returns.

Importantly, this dynamic persists across political regimes, indicating that the logic of disinvestment has become structurally embedded within the political economy. As conceptualised by Easton (1953), elite interests have been internalised within the “black box” of the state, rendering disinvestment an enduring feature of economic governance.

At the global level, the transnational presence of these conglomerates enhances state power. Firms such as the Tata Group and JBS function as extensions of national economic strategy, enabling India and Brazil to project influence internationally. In this sense, dependency theory is partially inverted: semi-peripheral states utilise domestic elites to strengthen their position within the global system, even as wealth concentration intensifies.

### **6.6 The Triadic Conflict: Negotiating between "Street Power" and "Suite Power"**

The disinvestment trajectory in India and Brazil is not a linear economic process but the outcome of a triadic tension among the state, economic elites, and organised labour. This interaction generates a “pressure-cooker” dynamic that fundamentally shapes both the pace and character of reform.

#### **Elite ‘SuitePower’ (Structural Necessity):**

As established in earlier sections, dominant business groups—such as Tata, Adani, JBS, and Vale—exercise what may be termed “suite power”. Their influence is structural rather than merely instrumental: they provide capital, technological capabilities, and global networks that the state itself does not possess. Consequently, the polity is compelled to design disinvestment frameworks that attract these actors, as they are often the only entities capable of managing large-scale assets such as civil aviation infrastructure and extractive industries. This generates a top-down pressure to accelerate privatisation and, in certain cases, to liberalise labour markets in order to enhance global competitiveness.

#### **Union ‘StreetPower’ (Political Friction):**

In contrast, organised labour exercises “street power”, grounded in its capacity for electoral mobilisation and collective action. Trade unions act as a democratic constraint on the ambitions of economic elites. In India, organisations such as the BMS have contributed to a policy of gradualism, compelling the state to adopt incremental disinvestment strategies rather than full-scale privatisation. Even where economic elites advocate complete asset transfer, the state frequently opts for strategic or partial disinvestment to mitigate the risk of industrial unrest and electoral backlash.

In Brazil, labour unions employ a more institutionalised strategy, often utilising judicial mechanisms to challenge or delay disinvestment initiatives. This litigation-based approach produces a “stop-and-go” reform trajectory, which, while frustrating for investors, ensures that labour protections remain embedded within the process.

As argued by Candland (2007), labour associations in India are not merely reactive but are deeply embedded within democratic processes, compelling the state to pursue gradualist reforms to avoid social disruption. Similarly, Riethof (2017) demonstrates that, in Brazil, even labour-aligned governments must navigate complex union dynamics to maintain industrial stability during privatisation.

#### **The State as Mediator of Contested Liberalisation:**

The analysis reveals that the state functions as a mediator within a continuously negotiated political

economy. It must simultaneously satisfy economic elites—to sustain investment, growth, and external credibility—while accommodating labour demands to preserve social order and electoral legitimacy.

This mediation gives rise to a hybrid model of disinvestment characterised by: Voluntary Retirement Schemes (VRS) and social safety nets, funded through disinvestment proceeds, to mitigate labour displacement; Retention of strategic or minority stakes, allowing the state to maintain oversight while transferring operational control to private actors.

Thus, disinvestment in India and Brazil is best understood as a process of “contested liberalisation”. The so-called “invisible hand” of the market operates within a visibly political arena—shaped by elite negotiations and labour resistance. The resulting trajectory is not a pure market outcome, but a fragile and evolving compromise that sustains the state–business nexus while preventing large-scale social disruption.

## **VI. Conclusion**

### **6.1 Synthesis of Research Findings**

This study demonstrates that disinvestment in the civil aviation sectors of India and Brazil constitutes a significant recalibration of the “trading state” (Rosecrance 1986) within the contemporary global order. By analysing fiscal, institutional, and labour dynamics from 1991 to 2025, the research finds that the “authoritative allocation of values” (Easton 1953) has shifted from a state-centric production model to a form of sovereign portfolio management.

The empirical evidence indicates that while global systemic pressures—interpreted through strategic realism—drive the necessity for disinvestment, the specific policy outcomes are determined by domestic institutional configurations. India’s transition towards a dividend-oriented approach and Brazil’s reliance on standardised concession frameworks both represent “rational bargaining acts” (Schelling 1960), tailored to manage internal labour dynamics and federal constraints.

Importantly, the findings suggest that disinvestment does not signify a retreat of the state, but rather a transformation towards managerial sovereignty. The growing economic weight of domestic conglomerates grants them a “structural veto” (Lindblom 1977), compelling the state to align policy frameworks with their operational interests. Consequently, disinvestment increasingly functions as a mechanism of elite consolidation, facilitating the transition from public monopolies to private oligopolies while preserving national strategic autonomy.

At the same time, the trajectory of reform is shaped by a persistent triadic struggle between economic elites and organised labour. While elites provide the capital and global integration necessary for reform, labour unions act as a democratic counterweight, enforcing gradualism and protecting social stability. The resulting system is therefore not a pure free market, but a form of contested liberalisation in which the state continuously negotiates between ‘suite power’ and ‘street power’.

### **7.2 Research Implications and Scholarly Significance**

The significance of this study lies in its interdisciplinary contribution to the international political economy of the Global South.

#### **Theoretical contribution:**

By applying Huntington’s (1968) concept of political decay to contemporary fiscal and institutional data, the study offers a novel framework for understanding reform trajectories in emerging economies. It demonstrates that institutional capacity—enhanced in India through mechanisms such as cooperative federalism—plays a critical role in mitigating crises of participation (Pye 1966).

#### **Empirical contribution:**

The research advances a cross-sectoral analytical approach by linking aviation disinvestment with broader structural transformations, including energy transitions and South–South trade patterns. This provides renewed empirical grounding for dependency theory (Wallerstein 1974), illustrating how semi-peripheral states utilise infrastructure reform to navigate the constraints identified in the Singer–Prebisch framework. Normative and identity-based contribution:

From a constructivist perspective (Wendt 1999), the study identifies a shift in state identity. The findings suggest that “green sovereignty” and “digital stewardship” are emerging as key markers of modern statehood, replacing traditional models of state-led industrial ownership in the post-2025 global order.

### 7.3 Strategic Recommendations

Building on the comparative analysis and the identified fiscal and institutional trajectories (1991–2025), the following recommendations aim to enhance both domestic legitimacy and international bargaining capacity in India and Brazil. These recommendations focus on strengthening institutional frameworks, balancing labour–capital relations, and aligning disinvestment strategies with long-term developmental objectives.

- **Standardization of Transparent Valuation Mechanisms:** to reduce the “implementation gap” caused by market uncertainty, India should develop independent, standardised asset valuation frameworks. moving beyond ad hoc assessments towards a statutory institutional process reduces political distrust and ensures that the “authoritative allocation of values” (Easton, 1953) is perceived as socially legitimate.
- **Harnessing NITI Aayog’s Cooperative Federalism:** the central government should utilise NITI aayog’s decentralised framework to incentives States. By linking disinvestment proceeds to state-level performance grants, the political culture (Almond & Verba) of resistance as regional hubs can be transferred into one of “competitive federalism”.
- **Labor Transition and Skill Support Frameworks:** to mitigate the marxist friction of class struggle, states must establish structured labour transition mechanisms- including re-skilling, redeployment, and social safety nets, integrating labour into the pre-bidding strategic bargaining phase (Schelling, 1960) reduces the “political decay” caused by the industrial disruptions.
- **Institutional Strengthening of CPSEs:** before pursuing an exit, the state should enhance the operation autonomy and governance of Central public sector enterprises (CPSEs). Reducing bureaucratic interference while retaining strategic ownership allows the state to function as an efficient “managerial sovereign” rather than just a “seller”.
- **Selective Monetization Strategy:** following the logic of Strategic Realism state should prioritize the monetization of revenue-generating “brownfield” assets. preserving “Greenfield” project and national security-linked sectors under state control ensures that the transition to a “trading state” Trading State” (Rosecrance, 1986) does not compromise essential strategic autonomy.
- **Adopting Brazil’s Concession Logic:** India should specifically study Brazil concession frameworks and regulatory coordination (ANAC). Brazil’s model of institutionalization labour dialogue platforms serves as a vital template for making asset reforms more socially legitimate and administratively efficient.
- **Economic Diplomacy and Global Integration:** India and Brazil should align sectoral liberalization with their broader economic diplomacy in BRICS, G20 and QUAD. Integrating disinvestment strategies with regional trade forums allows these “semi-peripheral” States to leverage foreign investment as a tool for technology transfer, helping them escape the Singer-Prebisch dependency trap.
- **Digital Public Infrastructure (DPI) Recycling:** India should formalise the recycling of disinvestment dividends into DPI. This provides a Rawlsian “difference principle” justification, where the monetization of elite aviation assets directly funds the digital empowerment of the marginalized, maintaining the social contract.

### VIII. Future Research Directions

Longitudinal Institutional Analysis: Future research should undertake longitudinal studies to evaluate the long-term operational efficiency and service quality of privatised assets in India and Brazil. Such analysis would provide empirical validation for the propositions of New Institutional Economics in the context of disinvestment.

- The Role of Technocratic Elites and Algorithmic Governance: As disinvestment processes become increasingly data-driven, further research is required to examine the role of technocratic elites in shaping policy outcomes. In particular, the integration of algorithmic valuation and artificial intelligence may transform the “circulation of elites” (Pareto) and alter feedback mechanisms within Easton’s systems model.
- Climate-Oriented International Political Economy (Climate IPE): Building upon the energy transition data presented in earlier sections, future studies should investigate whether “green disinvestment” strategies can effectively reduce the dependence of semi-peripheral economies on volatile fossil fuel markets. This line of inquiry would contribute to an emerging Climate IPE framework linking sustainability, sovereignty, and global economic restructuring.

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