CanadaWatch

EDITORIAL

India: The most fragile of democracies

MISMANAGED CHAOS

This special issue on India, the world's largest democracy, makes a fundamental point. For many Indians, India is not poised to become a full-ranked superpower. It does not even merit recognition as a rising power, instead it is trapped in a state between "manageable and unmanageable chaos," in the words of the eminent sociologist Ashis Nandy. What makes the current state untenable is that the subcontinent's political class has lost all interest in moderating India's razor-like inequalities and addressing the countrywide social conflicts. Tragically,

BY DANIEL DRACHE

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Delhi has not developed a strategy for the fair and efficient governance of a country desperate for stability, progress, and social justice.

Manmohan Singh, India's beleaguered prime minister, has been a disappointment to those looking for democratic reform. No sector of public life has escaped the taint of corruption, which

cuts across political parties at the regional, national, and local levels; and no institution is exempt from the sheer scale, daring, and venality of these illegal practices.

Modern India faces an unprecedented number of corruption challenges that are as much moral as economic and political. These include the systematic looting of mineral resources in southern and eastern India by rapacious Indian corporations and deep-pocketed foreign multinationals that has driven thousands of tribal peoples off their traditional

CORRUPTION AND POVERTY: INDIA'S FEARSOME STRUCTURAL FAILURES

The search for a moral compass: India after globalization

THE THROES OF CHAOTIC CHANGE

India is in the throes of a tumultuous transformation, arguably even more profound in its social impact than the transition, 64 years ago, from colonialism to independence and democracy. This shift has been mediated, in no small degree, by globalization—economic, technological, and cultural. The liberalization of the Indian economy in the early 1990s unleashed economic energy and entrepreneurship on an unprecedented scale, translating very quickly into breathtaking economic growth rates that catapulted India to membership in the

BY NIRAJA JAYAL GOPAL

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G20, and even the heady annual invitation to the G8 high table. It also heralded an unaccustomed sense of optimism in Indian society, as new economic opportunities held out the promise of making possible a better life for the vast majority of India's citizens.

Twenty years on, despite an extraordinary story of economic and social mobility for many, impressive levels of economic development coexist with

almost stagnant levels of human development. India's economy is ranked 11th in the world by GDP and 5th in terms of GDP in purchasing power parity. On the Human Development Index, however, India occupies a rank of 119 out of 169 countries. At no previous time has it been harder to come to terms with the

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India: The World's Most Fragile of Democracies: Defying the Odds

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The most fragile of democracies

lands. There is the massive increase in institutionalized graft that reached a high-water mark in 2010 when the government insiders organizing the Commonwealth Games rigged bids and pocketed fortunes. Possibly the most egregious recent example of the darker side of Indian politics was the awarding of mobile phone contracts by a telecommunications minister who bilked the government out of over $45 billion.

THE MALADY OF MALADIES

Of course, corruption existed under the British and during the last years of Jawaharlal Nehru's time in office when scandals rocked his prime ministership. It reached epidemic scale under Indira Gandhi when favour-seeking politicians brought suitcases of cash to the prime minister's official residence. However, the current malaise has reached levels never seen previously. The contemporary pandemic of greed and invasive corruption has extended to the media. Some of India's editors and top journalists have been exposed for being on the take and colluding with the country's economic titans. Politicians, complicit in undermining the autonomy of the press, have also benefited politically from the deterioration of public life. Corruption is so endemic that it has nurtured a debilitating culture of cynicism among many average Indians frustrated by a political class that has placed itself above the law.

India's ability to survive these centrifugal forces has defied the theoretician's best efforts to identify the glue that holds the country together. A case could be made that many Western countries would likely have imploded from the toxic cocktail of rampant public corruption, the absence of health care for the masses, a 40-year-old Naxalite Maoist insurrection, as well as the lived reality of hundreds of millions of rural poor coexisting along side a Maharaja culture of stupefying wealth.

The puzzle is—why is India experiencing this deterioration of political life and the breakdown of norms in the moral

> After three decades of state withdrawal from economic activity, the Indian state no longer has the capacity to row and steer the economy or to lift hundreds of millions out of the grinding poverty of life on $2 a day or less.

character of the political class? In its first decade of freedom, the country produced iconic leaders such as Mahatma Gandhi, Nehru, and B.R. Ambedkar and gave itself a democratic constitution that advocated social justice goals, protected diversity, and guaranteed the rights of its many different religious communities. India inherited a meritocratic civil service and built an array of national and regional institutions in the years following independence.

THE LOSS OF ITS MORAL COMPASS

India's economy underperformed post-independence, but by the 1970s, managed a successful green revolution and became food sufficient—a beacon on the hill for other peasant-based countries in the global south. India's economy has been lionized as one of the success stories of Asia. Its economic growth almost reached 10 percent in 2009. As Niraja Gopal notes, India's economy now ranks fifth in terms of GDP purchasing power parity and eleventh in the world by GDP. However, on the Human Development Index, according to the latest report and Gopal in this issue, India ranked a poor 119 out of 169 countries. This divide

exists because "economic reforms" have been cast in a narrow neoliberal mould. After three decades of state withdrawal from economic activity, the Indian state no longer has the capacity to row and steer the economy or to lift hundreds of millions out of grinding poverty.

Some tough-minded observers may give Delhi the benefit of hindsight and argue that it misjudged the costs of its neoliberal revolution. The fact is, the government has turned a blind eye to the prestigious commissions it appointed to lead the way to reforms and the renewal of public institutions. So far, these commissions have led to little repair of the damage to India's public institutions including its judiciary. Ram Guha, one of India's pre-eminent historians, aptly notes that these government-appointed inquiries should, among other things, have "insulated administrators and judges from interference by capricious politicians; prohibited criminals from contesting elections; curbed abuse of the power of eminent domain; provided proper compensation for villagers displaced by industrial projects; make more efficient the now mostly malfunctioning public health system." There is something terribly alarming about Indian public life and its record of inaction and missed opportunity. Under the Indian model of crony capitalism, Indian laws are contravened daily. Ministers have used their discretionary powers of office to amass fortunes for themselves and their families. All of these criminal practices require a systemic solution and so far, none is forthcoming.

IS A FRESH START POSSIBLE?

Manmohan Singh, a former colleague of Nobel Prize winning economist Amartya Sen was seen as "Mr. Incorruptible" when he became India's "boss of bosses" for a second term in 2009. However, he has been willing to let things ride and has alienated many while his Cabinet ministers' avarice has rocked the country. Institutional reforms have

remained at a visible standstill for the past seven years. Singh has not challenged the institutional corruption of the Congress Party and his dependence, in political terms, on Sonia Gandhi, chairperson of the United Progressive Alliance and president of the Indian National Congress, has cast a dark cloud over his time in India's highest office as various contributors to this issue stress. He has alienated supporters and angered the opposition fed up with his scandal-ridden administration.

Indian political life is on life support; lacking a finely tuned moral compass, the government is not capable of forcing Indian society to a fresh start or of protecting the best Indian achievements in public life from over six decades. In such an unforgiving environment, even small measures of institutional reform for quality health or universal education, however partial or superficial they are judged to be, would have a large impact on coping with slowing growth and bearish stock markets.

Post-liberalization has been a boon for India's entrepreneurs, since the state systematically began to disinvest its public investments in 1991. Economically, the deregulatory reforms have given business both a new status inside the public-policy process and unprecedented influence with the powerful Planning Commission. So far, plans to forge a new consensus on India's top priorities for the future are on hold.

As one of India's top economic commentators, Rajiv Kumar's contribution to this special issue should be read with the attention it deserves. He details how India is facing a triple transition that needs robust institutions to protect Indian democracy, a focused, long-term investment strategy to transform India's energy capacity, and good governance practices to expand the delivery of public services particularly in education and health. With only 12 percent of Indian youth completing university, India needs a different mindset in order to provide the quality, higher education that is

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necessary for people to gain the skills they require for a better life and higher-paying jobs.

Others in the issue are more pessimistic. Domestic demand from investment and consumption rather than over-the-top export growth have defined India's unique growth model. India continues to import more than it exports, and net exports account for −7 percent of GDP growth. India's economic miracle hardly ranks with China's in the export major leagues, as Kumar himself concedes. Therefore, the biggest challenge is to make growth more inclusive so that the hundreds of millions now living in poverty in rural areas also benefit from the massive reinvestment by Delhi in public goods and services. However, the task is daunting. A recent report stated that to win the urban war on poverty, India needs to create 100,000 manufacturing jobs by 2022 and to transform its manufacturing sector into a powerhouse claiming 25 percent of GDP. Who can take such Himalayan-sized goals at face value?

WHAT'S NEXT?

The question is—what happens when India has a new prime minister? Will anything really change? Dipankar Gupta's powerful analysis makes the basic point that the next chapter in the life and times of India will not look much different from the present. Liberalization and privatization are not going away any time soon. The opposition largely shares the governing coalition's key economic ideas. Moreover, important members of the United Progress Alliance are not

ready to desert the Congress Party's ship of state.

Therefore, for the time being, the Congress-led coalition has effectively neutered any significant challenge from oppositional forces nationally. However, Congress's grip on regional and state politics has been broken as readers will discover, and identity politics and vote banks have splintered the oppositional movements regionally.

THE BIGGER PICTURE: MORE MANAGED CHAOS?

While a country's potential can be measured by many factors, we must observe that India faces daunting structural challenges. Much of rural India does not have access to electricity on a 24-hour basis, and even in Delhi and Mumbai, electrical brownouts are frequent and costly. Public spending on health care has actually declined during the greatest growth spurt in Indian history. In education, Delhi has built thousands of schools but there are not enough properly trained teachers to teach.

India needs an infrastructure for sustainable growth that will reduce the reckless disregard for the environment. It needs to commit itself to environmental efficiency. The rapid growth of the last decade has hidden the true environmental costs. Reforms first have to tackle the corruption that feeds the poverty and seeds the violence. This is a society where caste politics and prejudices have fed a cycle of social destabilization and land theft as mining companies illegally seize the communal lands of rural peasant farmers. India needs a modern land

registry system that protects the rural landowner from expropriation by the state and the private sector.

Indian public policy is clumsy and isolated from everyday reality. Middle-class Indians have every right to be cynical about the future. Some see a silver lining in the explosion of Western-style shopping malls that sell every global brand possible; however, for the majority, the transition to a middle-income economy that respects individual rights and freedoms is a distant prospect. With all of its institutional and moral shortfalls, India has not been able to reinvent an equalitarian discourse capable of setting the country on another path. A country with a record of poor governance, an archaic infrastructure, and a tired, aging leadership can barely be expected to deliver on jobs and social justice. 🍁

Note

Editorial correction: Paul Heinbecker's article in the Spring 2011 issue should have been titled "Canadian foreign policy: Lost in translation." — DD

The search for a moral compass continued from page 1

contradictions of darkest poverty (in absolute numbers equivalent to the entire population of India at independence) coexisting with wealth of unimaginable proportions; with thousands of indebted farmers committing suicide even as India's wealthiest man spends $2 billion on his new 27-storey home with a staff of 600 people waiting on a family of 6.

[C]orruption scandals have almost daily exposed the venality of politicians and bureaucrats, the powerful and wealthy have appeared to be placed comfortably beyond the pale of the law, and the integrity of every institution of governance lies in tatters.

THE INDIVIDUAL–COMMUNITY DUALITY

In recent times, corruption scandals have almost daily exposed the venality of politicians and bureaucrats, the powerful and wealthy have appeared to be placed comfortably beyond the pale of the law, and the integrity of every institution of governance lies in tatters. A startling rise in crime, from the pettiest to the most daring, signals a breakdown in norms. There is today a pervasive sense of crisis—moral, social, and institutional—as Indian society tries desperately to make sense of a rapidly changing social world that appears to be built on quicksand.

Colonialism insistently represented India as a political community made up of several social communities, and individuals chiefly as members of such communities. The Indian Constitution sought to redefine the relationship as one between the state and its individual citizens, but the impetus behind the project of making *individuals* out of members of this social world is globalization. In the economic context, these are consumer-citizens negotiating a marketplace of multiple choices; acquiring English language skills as an instrument of upward mobility; and chasing aspirations through employment in the business process outsourcing, technology, and services sectors. This energy is particularly palpable in the small towns of India, from which young people are breaking through meritocratic entry-level barriers into the diverse and intensely competitive worlds of industry, government, sport, and the media.

This new spirit of individualism is somewhat at odds with the customary forms of citizenship in the polity. With the politics of caste, region, and religion being dominant in the period before the economic reforms, community has long mediated the relationship between citizen and state. Community identity has not entirely lost legitimacy as a form of political intermediation, but there is now a possibly creative tension between the rival pulls of individualism—born of the market—and community as constructed in the sphere of politics. Civil society activism and the electronic media, which offer unusual opportunities for expressive citizenship, are now enabling new forms of individuated citizenship, even if these are largely restricted to the educated middle-classes and may sometimes even teeter on the brink of vigilantism.

The affective bases of politics are however far from dead. Caste continues to have greater political purchase than social; it is a far more potent instrument in the political sphere than the social or ritual. The ties of family too remain strong and resilient, especially where power and/or money are involved. If the largest private corporations in India are family firms, so are the bulk of its political parties. The dynastic principle determines, with a few exceptions, succession in both. An astonishing one-third of all members of Parliament come from political families, and this trend is repeated all the way down the line to the institutions of local governance. A single individual tightly controls the leadership of most political parties, and—with the exception of three regional parties headed by single women—the principle of inheritance is beyond question. The commercial interests of many party

supremos—from ownership of educational institutions to media companies—are well known. Economic power translates into political power with the same ease and fluidity as political power does into economic.

A DEEPLY FELT CRISIS

The moral despair we encounter today is thus forcing Indian society to negotiate afresh the questions how and where to draw the line between the public and the private. The elite consensus on modern institutional norms that sanctified this boundary was first questioned, three decades ago, by a new democratic vernacular, in particular the language of the backward caste parties. Their impatience with, and even rejection of, these norms was initially valorized as a plebeian response to the norms of self-serving and hegemonic upper-class caste groups. Over time, however, the fungibility of norms has meant not the construction of an alternative moral universe, but the breakdown of the older normative consensus. The old norms, both personal and institutional, are under assault, and without a new set of values to replace them, society is adrift in a sea of apparent social normlessness. A series of recent scandals—involving government, corporate interests, and the media—have generated anxieties about the relentless and all-pervasive march of greed and graft as well as the "moral fibre" of Indian society. As is often the case, what is popularly apprehended as moral crisis is embedded in and symptomatic of a larger phenomenon.

What recent exposures of corruption have demonstrated, above all, are the enormous opportunities for profiteering afforded by the control that state personnel exercise over the licensing and allocation of hugely valuable land and natural resources such as oil and minerals, and now even spectrum bandwidth for wireless communication. Rampant cronyism between state personnel—politicians as well as bureaucrats—and private interests has rarely been as

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clearly marked as now. Not since slavery was legal has the marketization of human beings been so celebrated: recent newspaper headlines in India described particular cricketers to have been "auctioned" to premier leagues for obscene amounts of money, even as others were named as having remained "unsold."

Much worse than these examples of commercial egregiousness, however, are the ecological crisis, and the cynical exploitation and marginalization of tribal people living in areas rich in mineral and forest resources. The colonial state had labelled these *adivasis* (original people) as backward and primitive; the constitutional regime of independent India sought to balance their autonomy, cultural distinctiveness, and customary laws and institutions of governance with developmental interventions for modernization and gradual assimilation. This separateness has fuelled powerlessness. The forest and mineral wealth in the regions inhabited by these populations was always attractive—to the colonial state as well as the post-colonial—but in recent times the collaborative efforts of the political class and corporate mining interests make all previous exercises appear amateurish. The unregulated expropriation of tribal land, the loss of tribal group livelihoods, their displace-

ment by precisely the development projects that were supposed to empower them—all these and a governance vacuum have triggered radical Maoist activism.

SOCIAL INCLUSION WITHOUT SOLIDARITY

These moral and institutional deficits are arguably built on an older failure—that of an earlier tradition of what loosely may be called Indian "social democracy" to channel the affect of community into a more secular sense of social solidarity. The Constitution made the individual the fundamental political unit of the state, but it also provided for group identities to be recognized for guaranteeing cultural rights (for religious minorities) and for providing quotas in public employment and education (for historically disadvantaged caste and tribal groups). It was not long before other community identities came to be mobilized, and because this became the pre-eminent form for the expression of political demands, the quasi-socialist agenda remained rhetorical, failing to invent an egalitarian ideology that could address and transcend class and caste differences.

Because formal equality could not provide safeguards against caste oppression or religious majoritarianism, group-identity claims were increasingly presented as claims to substantive equality. The constitutional guarantee of quotas for members of historically disadvantaged groups such as the scheduled castes and tribes were intended to afford them opportunities that difference-blind policies, in the garb of liberal neutrality, simply would not provide. Holding out the promise of substantive equality, then, identity politics acquired a legitimacy of its own that became almost unchallengeable. The political accommodation of these claims swiftly became a proxy for the redress of inequality.

The controversial policies of affirmative action and quotas have indeed had

The poison of corruption has dripped deep into the Indian body politic's bloodstream on Manmohan Singh's watch

A SILENT ACCOMPLICE

From the land of ultimate paradoxes comes the latest governance puzzle. In an opinion poll published in *The Hindu* on August 9, 2011, people held the Singh government to be corrupt by a 60:15 margin, and, a 44:17 margin believe that the government wants to protect those with black money stashed abroad.

Is it better to have a prime minister who is slightly corrupt himself, but keeps the avarice of his Cabinet ministers under limited check? Or one whose personal probity is unassailable, but the corruption grasp of Cabinet colleagues is as long as their reach?

Manmohan Singh has been AWOL, a silent accomplice to ministers looting the nation he leads while the task of governing is outsourced to civil society activists and "godmen." He has not been personally enriched by the multiple corruptions rocking the country, but the worst occurred on his watch as prime minister. His curious defence—like India's famous three monkeys, he neither sees, hears, nor speaks evil—is increasingly threadbare. He is himself clean, he declares, but bound by the constraints of coalition politics in curbing the corruption of ministers less scrupulous in observing the boundary between public power and private gain.

WikiLeaks cables reveal that the US Embassy was informed that, in July 2008, Singh's government bought votes for $2.5 million each to survive a non-confidence motion on the India–US civil nuclear deal. The government's jaw-dropping response was that the current parliament cannot intrude into the affairs of the last parliament.

The rapidly multiplying mega scandals include the internationally damaging 2010 Commonwealth Games boon-

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> **Manmohan Singh has been AWOL, a silent accomplice to ministers looting the nation he leads while the task of governing is outsourced to civil society activists and "godmen."**

doggle; a $40-billion telecom scandal in the allocation of the valuable mobile telephone (2G) spectrum at throwaway prices; a high-profile real estate scam in Mumbai that ensnared top generals, politicians, and bureaucrats; and a man whose wealth and assets grew impressively while his father-in-law was the chief justice of India. Telephone intercepts of a media lobbyist revealed a dispiriting nexus of respected journalists and iconic business people involved in dubious deals to get favoured candidates into choice Cabinet posts in, presumably, a profit-for-everyone chain.

CORRUPTION: MORE THAN A STATE OF MIND

Singh was directly implicated in the appointment of the country's top anti-corruption watchdog. A career bureau-

crat was chosen to be the chief vigilance commissioner. Despite protestations by the opposition leader about the impropriety of appointing someone facing corruption charges to the sensitive post, Singh and Home Minister P. Chidambaram forced the choice through robustly and defended their actions without shame or embarrassment until the Supreme Court stepped in and vacated the appointment, citing the need for institutional integrity.

The pursuit of corruption has become a cross-party state of mind and habit: the BJP-led state government of Karnataka is the most recent instance of public larceny on a grand scale.

In the past, corruption largely involved public procurement, as in the Bofors howitzers scandal that helped to topple Rajiv Gandhi in the 1980s. Today's scandals mostly involve the public–private interface, suggesting that they are instances of crony capitalism in a liberalizing economy where ministers have misused discretionary powers to amass wealth for themselves and cronies.

ADDING UP THE FIGURES

On the eve of the 2009 general election, media reports put estimates of illicit assets (gained, for example, through corruption, bribery, criminal activities, and tax evasion) held overseas by Indians at $1.4 trillion. In a report published in November 2010, Global Financial Integrity revised the estimate downward to $462 billion. This means that 72 percent of money in India's underground economy (itself worth half the country's $1.5 trillion GDP) leaves the country. The annual capital flight is worth almost 17 percent of GDP.

On January 19, 2011, India's Supreme Court called this "pure and simple theft"

The poison of corruption

and "plunder of the nation" that deprived India of developmental funds. The finance minister responded with well-worn clichés of joining a global crusade against the menace of black money. The government has been conspicuously sluggish in following the money trail.

PLUNDERING AND OTHER ACTS OF CRIMINALITY

Less spectacular but more ubiquitous are daily tales of pilot's licences, medical degrees, and mining permits being bought and sold on a routine basis. The overall impression is that society has lost its moral moorings, greed is good, everything is a commodity, and a market-clearing price exists for any object, laws and regulations notwithstanding.

According to National Crime Records Bureau statistics, in 2008 there were 29,783 people facing corruption. Trials were completed for 2,985, of whom 977 were convicted: just 3 percent of those facing trials. Investor confidence is shrinking and foreign direct investment has fallen.

To the relief of the citizens, under an activist new chief justice, the Supreme Court has stepped in to supervise the cleansing of corruption, whose poison has dripped deep into the Indian body politic's bloodstream. Several former cabinet ministers are in jail. However, these are stopgap, band-aid measures. Strong leadership from the top is necessary for a systemic solution.

Unfortunately, Singh is no leader. He has never won elected office, being a member of the upper house of Parliament (itself a deviation from norms of parliamentary government). His instinctive technocratic timidity has been mistaken for political humility.

A leader would have flown to Mumbai to rally the nation when, in November 2008, the city was under siege for four days from foreign terrorists. The touring English cricket team rushed home hastily but, in an act of solidarity, returned to India to resume the interrupted series. Singh again missed the opportunity to

> Corrupt politicians have colluded with unscrupulous businesses to abuse the state's control of natural resources, infrastructure contracts, and eminent domain to enrich one another.

emulate Nelson Mandela's memorable feat during the Rugby world cup final in 1995 when he inspired the Springboks to a famous championship win with a pre-match pep talk. It is not possible even to imagine Singh in the role of Norway's Prime Minister Jens Stoltenberg, who gave an impressive and calming speech after the July 22, 2011, Oslo-Utsoya twin tragedy.

POWER TRIAGED

It appears that Singh is in office, but party leader Sonia Gandhi, on one flank, and the Supreme Court, on the other, wield power. A strong judiciary is usurping the powers of government courtesy of a weak prime minister, perhaps the most ineffectual ever. While this may be beneficial in the short term in curbing corruption, it runs the risk of damaging the proper balance between the different branches of government.

How does one generate political will to cleanse the country's political system of corruption when the main drivers of the black economy are the political leaders? The government's tardiness is not unconnected to the fact that the top elite—politicians, bureaucrats, business-persons, doctors, lawyers, and judges—are complicit in the enterprise. In the words of the lavish international advertis-

ing slogan, "Incredible India" indeed: India has an unmatched capacity to look prosperity directly in the face, turn its back, and walk resolutely in the opposite direction.

Corrupt politicians have colluded with unscrupulous business persons to abuse the state's control of natural resources, infrastructure contracts, and eminent domain to enrich one another by dispossessing the poor and tribal people who are protected by the Constitution. This defining challenge of contemporary India can be met only by paying as much attention to the reform and renewal of public institutions as to economic liberalization.

INSTITUTIONAL REFORM: THE GREAT UNKNOWN

To believe that the Singh government will revitalize public institutions and return probity to public life is to expect a wolf to institute a sheep-protection norm. Rather, the two potential sources of robust corrective action are the growing, globally plugged-in middle class and the increasingly self-confident, globally aware youth. Both cohorts measure India's governance against global benchmarks, find it gravely deficient, and, assisted by a pesky media, are clamouring noisily for change they can believe in.

Occasionally, Singh has made cringe-inducing sycophantic statements toward Sonia and Rahul Gandhi, unbecoming of the prime minister of the world's biggest democracy. There is some speculation in the Indian media that Singh may be interested in being the next president. The ceremonial role of head of state might suit him better than the executive head of government. He should both assert his authority and carry out "root canal" surgery to clean out corruption. Otherwise, he should heed Oliver Cromwell's call to the Rump Parliament on April 20, 1653: "You have sat too long for any good you have been doing lately. Depart and let us have done with you. In the name of God, go!"

There is also an important role for Western governments: follow the money. They have made it easy for the world's dictators and corrupt to steal their nation's wealth. Western governments should use their tough regulators and superior surveillance capacity to monitor their own banks and take shady banks and executives to court for parking ill-gotten gains in violation of anti-corruption laws and conventions. 🍁

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some success in creating opportunities for members of disadvantaged groups. However, studies have shown that forms of discrimination and disadvantage (including, for example, labour market discrimination) persist, suggesting that quotas may not offer the complete solution to the problem of inequality.

Quotas themselves have not always been able to preclude the creation of elites among such groups. The benefits of quotas have a tendency to be reproduced across generations, so that a few members of these groups are better placed to build on the privileges afforded to earlier generations, sometimes at the cost of those who have never had similar opportunities. With some groups, this has led to demands for the exclusion of the euphemistically named "creamy layer"—those who either hold positions or earn incomes that should render them ineligible for the quotas.

> **India's affirmative action policies have successfully advanced the project of social inclusion in a diverse democracy.**

On the whole, India's affirmative action policies have successfully advanced the project of social inclusion in a diverse democracy, as disadvantaged groups now have a greater presence in legislatures, the bureaucracy, and universities, though admittedly less in industry and the media. They have also been effective instruments of managing diversity and therefore containing its potential for social conflict. While social conflict has been kept at bay, however, social fragmentation has not, with less than optimal implications for forging solidarity among citizens. This is, of course, a common concern with redistributive policies that undermine civic ties; affirmative action policies tend to be similarly divisive as they generate a politics of resentment. The task of reconstructing a social democracy in India is likely to be encumbered by the lack of social solidarity and the mutuality and fraternal sentiments that should underpin it. 🍁

Note

This article is adapted from an article written for the Foresight Brazil reader called "Charting New Directions: Brazil's Role in a Multipolar World" (March 2011).

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Two decades of reforms: India's three transitions

TWO DECADES OF LIBERALIZATION

July 2011 saw India completing two decades of post-liberalization economic growth. It is futile to debate, as some academics have done, whether India's economic liberalization started in the second half of the 1980s or in 1991. It is clear that the movement for liberating India's dynamic entrepreneurs and reversing the trend of rising public investment began in earnest only in 1991. The release of the private sector from the licensing and control shackles was the most important feature of the reforms initiated after the country's worst external financial crisis in 1990–91.

The rising share of private corporate investment during the past two decades has resulted in some remarkable achievements, including a substantial decline in poverty levels from nearly 40 percent of the total population in 1991 to about 27 percent in 2011. India's exports have increased remarkably and its foreign reserves once a mere $2 billion, or equal to two weeks of imports, have increased to $300 billion, nearly equivalent to the country's annual import bill. More important, the impressive achievements since 1991 have brought India to the forefront of the global scene with a seat at the high table of global economic and financial governance. In the two decades since the reforms, India has arrived.

INDIA'S GROWTH STRATEGY

The country, having achieved higher than 8 percent growth since 2003–4, has now targeted a growth of 9 percent during the 12th Five-Year Plan currently under preparation to cover the period 2012–17. The 12th Plan envisages the doubling of investment in the country's physical infrastructure from $500 billion in the previous plan period to $1 trillion during the next five years. The invest-

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> The rising share of private corporate investment during the past two decades has resulted in some remarkable achievements including a substantial decline in poverty levels.

ment will be financed primarily from domestic savings, which are expected to rise to 37 percent of the GDP in the last year of the plan.

Nevertheless, foreign direct investment and capital inflows will play a critical role by helping to finance the current account deficit, which is expected to remain between 2 to 3 percent of the GDP. The current account deficit reflects a high appetite for investment, on the one hand, and the structural energy deficit that necessitates large-scale and rising volumes of hydrocarbon imports, on the other.

This growth scenario and investment requirement makes India an attractive investment destination. This is further reinforced by India's unique growth model, which has relied pre-dominantly on domestic demand, both investment and consumption, in contrast to the experience in East Asia, where growth has been achieved primarily on the basis

of high dependence on external demand. This is best captured by noting that net exports account for a negative 7 percent of India's GDP growth while contributing a whopping 10 percent of Chinese GDP growth. A domestic demand-based growth model makes India not only an attractive investment destination but also a balancing actor in the evolving global economic order.

INDIA'S MULTILEVEL TRANSITIONS

The most impressive feature of India's post-independence development has been its audacious attempt to undertake its three transitions—social, political, and economic—simultaneously. Historically, in all other countries, these three transitions have unfolded sequentially over a couple of centuries. In China, for example, the economic transition is nearly complete while the other two have been shelved. In India, these three transitions have been ongoing throughout the six decades since independence. As a result, the millennium old, traditional Indian society is being largely transformed and the social pyramid is being overturned. For the first time, a Dalit woman is the chief minister of the largest province in the country.

The political transition has resulted in the establishment and nurturing of robust institutions and the emergence of a vibrant democracy based on universal adult franchise and a clear separation of powers among state institutions. The share of agriculture in GDP has declined from 70 percent in the 1950s to a mere 14 percent by 2010 and, during the same period, the share of services has risen to more than 60 percent and that of industry from 15 percent to 26 percent because of the economic transition.

A UNIQUE GROWTH TRAJECTORY

More remarkably perhaps, the economic transition has put India on a growth trajectory, which could make it the third or even the second-largest economy in the world by 2040. During the next three decades, India should have made the transition from a poor economy to a middle-income or even a higher-middle-income economy. Such an achievement would represent the only time in history when a poor country completed this transition in its economic prospects while at the same time holding on to democratic principles and practices and respect for individual human rights and freedoms in both letter and spirit. A successful triple transition would present a unique growth model not only for developing economies but, possibly, even for advanced economies, because India will have undertaken these transitions while also addressing issues of environmental and natural resource sustainability.

Still, despite the promise and structural features that support growth—the favourable demographic profile, high savings rate, dynamic entrepreneurs, and reasonable endowment of natural resources—India still faces many possible futures. There is nothing inevitable or mechanically assured about India successfully completing its triple transitions. With its continental scale and diversity, this multicultural, multireligious, and pluralistic society presents governance challenges unmatched in their complexity. The audacity of taking on the triple transition simultaneously makes the task far more complex.

STILL AN UNCERTAIN FUTURE

To convert its potential to inclusive and rapid growth, India has to address three principle challenges: human resource development; good governance to ensure delivery of public services; and the implementation of adequate levels of physical infrastructure, especially energy capacity. India will not benefit from the much talked about demographic dividend in the coming years unless its

This growth scenario and investment requirement makes India an attractive investment destination.

young population is appropriately trained, skilled, and educated. It seems ironic that a country that produces more than 100,000 engineers a year is still far short of trained and skilled labour in a large number of sectors.

If the young labour force is going to accept high-paying, blue-collar jobs instead of increasingly scarce white-collar jobs, a change of mindset is desperately needed. Only 12 percent of India's youth attain a higher education compared with 75 percent in the United States and 23 percent in China. With a curriculum that is generally outdated and out of sync with evolving industry requirements, dropout rates are extremely high at both the primary and secondary levels. India has done well to achieve 100 percent primary school enrollment but has to now focus on providing higher-quality education at all levels in order to generate the needed skills. Estimates indicate that India will require 500 million skilled people in the next two decades. This target aptly sums up the enormous challenge that India faces in realizing its demographic dividend.

BOULDERS ON THE PATH

Governance reforms will prove even more difficult because they will impinge on the vested interests of those who currently benefit from rents generated as a result of dysfunctional controls, regulations, and procedures. However, with the increasing openness of the Indian economy because of recently finalized bilateral and regional free-trade agreements, governance reforms are essential if Indian industry expects to retain its

global competitiveness. The belief that Indian industry, and indeed the Indian economy, can continue to achieve rapid and inclusive growth "despite the government" is patently wrong in the current circumstances. The government has a role to play in providing the needed volumes and quality of social infrastructure, public services like education and basic health, and above all a secure law-and-order environment.

The critical need for governance reforms is best understood in the context of making growth more inclusive. The high overall economic growth of the past ten years has generated much larger public revenues, which, with efficient governance of income transfers and welfare schemes, should have enabled higher levels of inclusion. However, inefficient governance and extensive leakages in these welfare schemes means that people living below the poverty line and those in rural areas have not benefited commensurately from these welfare expenditures. As a result, there is an avoidable perception of a trade-off between growth and equity. Surely, both growth and equity can be achieved with good governance. It is hoped that the introduction of the unique identity scheme, which provides proof of identity cards so that the poor can open bank accounts or access government welfare programs, in addition to tremendous social pressure will result in better governance. Better governance will ensure that inclusion improves and provides social legitimacy for continued rapid growth.

A MOUNTAIN OF INFRASTRUCTURAL CHANGES

The final, urgent hurdle to sustaining rapid, inclusive regional growth is to overcome the huge physical infrastructure deficit. One big success has been the telecom revolution, begun in 1994, which has seen the rate of diffusion rising almost miraculously from less than 1 percent to more than 55 percent in 17 years. The telecom industry has

Two decades of reforms

shown that the right policy mix, effective regulatory framework, and private initiative can overcome infrastructure deficits in a reasonably short period. A similar breakthrough is currently required in the energy sector, particularly with electricity. India's per capita electricity consumption at approximately 700 kWh is far below even the average among developing economies at 2300 kWh.

The extreme imbalance in electricity consumption between urban and rural areas and across income classes further exacerbates India's electricity problems. It is shocking that, with 64 years of post-independence development, nearly 30 percent of the population still does not have access to a round-the-clock electricity supply. The 12th Five-Year Plan is expected to earmark a trillion dollars for investment in physical infra-

> India can emerge as a strong model for other developing and emerging economies.

structure. This is indeed welcome; however, the actual investment will come largely from the private sector, which still does not have easy access to purchase land for such investment purposes. Moreover, because provincial electricity utilities are in general financially broke, it is even more difficult for private investments to create additional electricity-generating capacity out of fear that state utilities will be unable to honour their financial commitments. So, perhaps

more important than earmarking large investments, the government needs to create the conditions that would enable investors to move into the electricity generation and distribution sector.

THE GOVERNANCE QUANDARY

India has its destiny firmly in its hands. The external environment is more benign than ever; there is goodwill toward India because its economic success in difficult and complex circumstances has come in conjunction with its social and political transitions. India can emerge as a strong model for other developing and emerging economies. The political leadership and policy establishments need to rise to the occasion and implement the necessary reforms to take India toward its appointed place in the global community. ✤

Centre for Culture Media and Governance

Jamia Millia Islamia University, New Delhi, India

The Centre for Culture Media and Governance undertakes research to develop critical understanding of culture, media, and governance, and the interplay among them. With communication as a frame of reference, research cannot be pursued within existing disciplinary confines. Communication plays a pivotal role in the organization of institutional forms, symbolic systems, and patterns of everyday life throughout the Indian subcontinent. We identify communication as an interdisciplinary science and as a specialized field of inquiry.

Our orientation leads us to reflect on the historical and cultural nature of the media, and is not confined to, and categorized by, any medium of communication. In doing so, we combine the study of the material shaping of the media with that of the institutional organization structuring them.

http://jmi.ac.in/aboutjamia/centres/ media-governance/introduction

The Centre for the Study of Law and Governance

Jawaharlal Nehru University, New Delhi, India

The Centre for the Study of Law and Governance adopts a multidisciplinary approach to the complex relationship between law and governance. The study of governance, in its various forms and at different sites, is central to several issues: reform of public institutions and public law; creation and establishment of procedures and rules that lead to greater efficiency, transparency, and accountability; and the challenge of making governance more inclusive and participatory through the strengthening of democracy and civil society. The program's interdisciplinary focus is distinctive in its attempt to explore how practices of law and governance are embedded in political, economic, social, and historical processes; how practices of governance are dispersed over various sites, from the government, bureaucracy, and judiciary to community and the family; the socio-legal processes that deter or provide access to justice; and notions of governmentality, sovereignty, and rights in specific politico-jural regimes.

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Why is Indian poverty getting worse after 12 years of economic reform?

BY RAJESH SHUKLA

Rajesh Shukla is the director of the Centre for Macro Consumer Research at the National Council of Applied Economic Research (NCAER) in New Delhi, India.

Professor Amartya Sen's stinging criticism of the government's obsession with faster (unbalanced in his view) growth, has triggered a fierce debate. Labelling it as "[s]tupid," Sen argues that instead of focusing on double-digit growth, which he believes will take care of itself, policy-makers should focus on allocating more funds toward health and education. On the other hand, Professor Jagdish Bhagwati and Arvind Panagariya disapprove of Sen's analysis, stating that high growth has not only provided gainful employment but also provided the government with revenues for funding the desired social programs. Martin Wolf adds to that by saying that higher incomes are a necessary condition for better state-funded programs aimed at poverty alleviation. This debate is part of a larger one raging in India's academic corridors, where sharp differences of opinions exist not only about the actual poverty estimates in India but also about the level of inequality.

In a recent paper titled "The Official Poor in India Summed Up," Shukla gives estimates of income inequality and poverty using NCAER's household income surveys data (Micro Impact of Macro Adjustment Policies (MIMAP) 1994–95 and National Survey of Household Income and Expenditure (NSHIE) 2004–5), which is a departure from the conventional estimation of poverty based on the National Sample Survey Office's (NSSO's) household consumption expenditure data. One of the striking findings of the paper is the increase in inequality in both rural and urban India. The last decade was one of high economic growth, which is expected to continue and will certainly bring further structural changes in the economy. Taking net national product (NNP) growth at 8.75 percent during 2010–15, the top 20 percent households have gained the most, from a 37 percent share in total income in 1993–94 to 58 percent in

> ## [T]he debate on the incidence of poverty is mired in methodological issues.

2004–5. However, the sharper decline is noted among those in the middle rather than those on the bottom rung—the share of bottom 20 percent households was 7 percent in 1993 compared with 6 percent of households in 2004–5. The expected annual increase in average Indian household income will be about 11,000 INR between now and 2015; urbanites gain three times more than rural residents. Also, the top 20 percent in both rural and urban India have gained 24,000 INR and 75,000 INR, respectively, in their annual income. On the other hand, people at the bottom of the pyramid have gained only about 2,100 INR, irrespective of place of residence.

While the debate on the incidence of poverty is mired in methodological issues that range from the survey coverage of the NSS consumption expenditure (NSS-CES) to specification of the poverty norm, the evidence from the NSHIE on poverty and inequality shows that one of the important reasons for the deceleration of the rate of poverty decline is the existence of a high level of inequality, which is comparable to the inequality levels prevalent in the developed countries. The worrisome feature of inequality is that it has increased significantly during the past decade (12.9 percent in rural areas and 14.9 percent in urban

areas). The Gini coefficient calculated from the NCAER income data suggests not only that inequality is increasing but also that inequality levels in the rural areas are disconcertingly close to those in urban areas and are rising at almost the same rates. The inequality level in India is now comparable to the rates prevailing in several developed and middle-income countries, such as China, Hong King, Singapore, and the United States.

On the other hand, Bhalla, using NSS-CES data, reported a decline in both urban and rural inequality in 1993–94 and 1999–2000. According to Bhalla, rural inequality had decreased in 15 out of 16 major Indian states, while urban inequality had declined in 8 out of 17 states over the period. However, another study by Singh et al. could not find strong evidence of increases in household inequality for the period 1993–94 to 1999–2000. According to Singh et al., "there are some indications of increases in regional inequality, but they are neither uniform nor over dramatic." The problem lies in the change in methodology used by NSSO in the 55th round— that is, the results are not comparable with previous rounds, implying that lower Gini coefficients should not be interpreted as a sign of reduction in inequality in India. On the other hand, Pal and Gosh emphasized that the National Human Development Report published by the government of India, reported an increase in rural inequality in 7 states, while 15 states saw a rise in urban inequality.

It is important to note that inequality as reported in Shukla is based on income estimates, while most other measures of inequality are based on consumption expenditure. Banerjee and Piketty on the basis of income tax reports, reported that real incomes of the top 1 percent of income earners in India increased by

Indian poverty getting worse

roughly 50 percent. Furthermore, among this top 1 percent, the richest 1 percent increased their real incomes by more than three times during the 1990s.

For the purpose of estimating inequality, Shukla used the Gini coefficient, which is the most commonly used of the various measures for calculating inequality. However, the inability to break it down merits the use of the general entropy (GE) class of inequality measures. General Entropy or GE can be easily broken down into (1) between group inequality, and (2) within group inequality. The parameter in GE represents a weight given to distances between incomes at different parts of the income distribution. For lower values, GE is more sensitive to changes that affect the upper income brackets (Litchfield).

Table 1 states that total inequality as measured by the Theil index rose from 0.31 in 1994–95 to 0.367 in 2004–5. Breaking down this inequality (0.367) into the two components, the between-group inequality was only 0.307 while the within-group inequality was 0.342 for

> **The problem is not that the rich have got richer but that those at the bottom have not been provided the wherewithal to improve their earning capability.**

2004–5. The inequality figures reported in the tables below are the within-group inequality components of the various population subgroups. For example, for rural and urban population subgroups, inequality measures are 0.307 and 0.342 in 2004–5, respectively, which are the within-group inequality component. The all-India figures clearly show that income inequality has increased at both the rural and urban levels.

By breaking down GE inequality into two parts—namely, between-groups and within-groups—we are able to clearly analyze the inequality among the various population subgroups. Table 2 shows that income inequality for various educational categories has risen over the period under consideration.

The *Financial Times'* report of Professor Sen's remarks, reproduced in turn by Chinese publications, had sparked the debate (facilitated by CUTS, a Jaipur-based, free-trade advocacy group). During a meeting with President Obama in Washington last year, Prime Minister Manmohan Singh had said that India could aspire to an annual growth rate of 10 percent over the next many years. It is evident from the tables that income inequality has, in fact, increased over the period. However, what should worry the policy-makers is not the high-income inequality, per se, but that it continues to widen, even after two decades of reforms.

The problem is not that the rich are richer, but that those at the bottom have not been given the wherewithal to improve their earning capability. In the initial years of reforms, an increase in income inequality was understandable, because those with access to resources or equipped with skills would naturally have been in a better position to make use of the opportunities. However, over time, the benefits of the near double-digit growth should have percolated to the economically disadvantaged sections of society, which has not happened. Access to meaningful and affordable education, for one, continues to be an issue and lack of physical infrastructure makes it difficult for the hinterland to be integrated into the market economy.

Note

A version of this article originally appeared in the April-June 2011 issue of Inclusion: http://www.ncaer.org/downloads/MediaClips/Press/RShuklaInclusionAprilJune2011.pdf.

TABLE 1 Measure of income inequality

	Theil Index (GE Mean Deviation Log)			Gini Index		
	1994–95 MIMAP	2004–5 NSHIE	Percent change	1994–95 MIMAP	2004–5 NSHIE	Percent change
All India	0.310	0.367	18.3	0.433	0.466	7.6
Rural	0.219	0.307	40.1	0.365	0.429	17.7
Urban	0.278	0.342	23.0	0.402	0.448	11.3

TABLE 2 Decomposition of income inequality by level of education

	Theil Index (GE Mean Deviation Log)			Gini Index		
	1994–95 MIMAP	2004–5 NSHIE	Percent change	1994–95 MIMAP	2004–5 NSHIE	Percent change
Illiterate	0.209	0.239	14.2	0.358	0.377	5.3
Higher secondary (12th)	0.248	0.295	18.8	0.385	0.419	8.7
Graduates and above	0.256	0.286	11.6	0.381	0.402	5.5

Who will lead the Congress after Singh?

BALKANIZED CONGRESS NOT COUNTRY

India has survived many Cassandra-complexed prognostications. However, it has not fallen to pieces along religious or linguistic divisions. For a long time, many believed that it was the Congress Party and the extraordinary charisma of its founding figures that did the trick. They feared that once these leaders made their exit, India's fundamental fragility would be fully exposed.

Jawaharlal Nehru was not just India's first prime minister; with his death an era ended. He was the last surviving hero (and what a hero) of India's national movement. Books written in his final years speculated on how India would survive his death. Who could take his place? Could anyone? Would India collapse post-Nehru?

That India remains standing many decades later should demonstrate that the centrifugal forces holding the country together are not just a bunch of band-aids. India's survival also invites theoreticians of the nation-state to recast some of their tried and tested views.

India is both the graveyard of hallowed concepts as well as the birthplace of new ones. We now know that there is no one "yellow brick road" to a nation-state. Each sovereign country must find its own route, and *most* routes are as authentic as any other.

While India has survived, the Indian National Congress party has not fared as well. It no longer controls the politics of the country as it did for the better part of four decades. A number of factors can account for this loss of dominance—some sociological, others personal.

THE EMERGING PRESSURES FROM BELOW

From a sociological perspective, social classes that had little or no political lever-

BY DIPANKAR GUPTA

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> India is both the graveyard of hallowed concepts as well as the birthplace of new ones.

age at the time of Independence slowly grew in strength, seeking singular routes to political representation. Not satisfied with being clients of the Congress, they were eager to be their own masters and articulate their special interests and outlook. While this jolted the suzerainty of the Congress, it was a healthy sign.

The stranglehold of the old elite gave way to the emergence of new classes that, while sometimes fractious and unruly, were no longer prepared to be subservient. This was primarily a rural phenomenon: the landlord oligarchs had to make way for the ascendant owner-cultivators, some of whom may have been their tenants just a short time ago. This upsurge could not have happened without universal adult franchise and free elections.

The Congress did, however, continue to contain diverse political strands within its famed "umbrella-like canopy." This is where the personal factors come into the loss of dominance. Indira Gandhi's steadfast ambition to isolate and marginalize Congress activists who did not owe their ascendance to her munificence undermined the organizational core of

the party. This effectively ruined local-level leaders and in their place came transplants from above.

This drift began to occur with greater frequency in the 1970s and would gradually strengthen those forces that were chafing at the bit to come out on their own, independent of the Congress. The Congress lost the south, then Bengal and Punjab. When Congress lost in Uttar Pradesh and Bihar, its boast of being synonymous with the nation-state began to sound hollow.

As long as Indira Gandhi was in power, this trend was kept in check. The force of her charisma shut out dissent within and ambitions without. However, after her assassination in 1984, the cracks travelling right up to the ceiling began to show. In fact, in a number of cases, breakaway Congress workers set up their own parties and became important leaders in their own right in different regions of the country. This is true of Sharad Pawar in Maharashtra as well as Naveen Patnaik in Orissa and Mamata Banerjee in West Bengal. Even earlier, there was Ramakrishna Hegde in Karnataka and Hemvati Nanda Bahuguna in Uttar Pradesh.

If Balkanization works as a metaphor in the Indian context, it applies primarily to the Congress Party and not to the nation-state. The country is still one, with different parties dominating different states. Interestingly, these regional parties retain a stake in the central pie. All have formed national-level alliances, because it pays to be part of the winning combination in Delhi.

THE COVETED CENTRE

Thus, from the Dravidian Parties in Tamil Nadu, to the Communist Parties in Kerala and West Bengal, to hues of crypto socialists in Uttar Pradesh and Bihar,

Who will lead the Congress after Singh?

there is not a single organization that would spurn an opportunity to grab a seat in Delhi. This is why regional elections are usually attentive to what is happening at the national, all-India level.

How else does one explain the complete rout of the Dravida Munnetra Kazhagam (DMK) in the 2011 Tamil Nadu elections? Voters almost blanked out the DMK because a few of its members were stupidly and openly corrupt. They used their position in the centre, while the party was a partner in the ruling coalition, to amass huge fortunes, which went, rather transparently, to family and friends of the DMK *supremo*, Karunanidhi. No amount of money or material inducements could get Tamil Nadu voters to return this party to power in 2011.

Similarly, the way the Communist Party of India (Marxist) (CPI (M)) in 2009 brought down the Manmohan Singh coalition government in Delhi went down poorly with the electorate nationwide, as well as with the West Bengal public. This would help Mamata Banerjee in 2011 consolidate the fractured opposition to the Communists and effectively end their three-and-a-half decades of uninterrupted rule in West Bengal.

While Banerjee obviously capitalized on the built-up resentment in West Bengal against the communists, the CPI (M) also participated in its own downfall. Its controversial decision to walk out of the Manmohan Singh-led ruling coalition, which had been cobbled together after the 2004 elections, was unwise. Once the CPI (M) was out, its archrival in West Bengal moved in. This led to an open alliance between the Congress and Banerjee's Trinamool Congress. True, Congress was a junior partner in this agreement, but the votes it commanded went to Banerjee and not, as it would have earlier, to the CPI (M). The extra weight in the ballot box makes all the difference between victory and defeat.

It is important not to overlook the fact that voters emphasize different issues in

> [W]hen it comes to national elections the coalitions usually congeal around the two major parties, which have an all-India presence—the Congress and the Bharatiya Janata Party (Indian People's Party).

regional and national elections. There is no doubt that, in the former, local issues count for more, as they should. Even so, there are times when all-India concerns permeate state-level elections. Interestingly, when it comes to national elections the coalitions usually congeal around the two major parties, which have an all-India presence—the Congress and the Bharatiya Janata Party (Indian People's Party).

While people may support this or that regional party, at the time of the national elections, decisions may rest on who is aligning with whom. The voters, therefore, have to make a Dupleix decision. That is, they have to factor in the best combination of regional and national parties on that occasion. The mix matters and this is why the centre continues to hold, even though there are many regional parties in the fray.

Even though there is a strong, nearly jingoistic affirmation of our nation-state's borders that keep the country from disintegrating, the vertical integration of the economy across the subcontinent is important. Bihar may be underdeveloped, even by Indian standards, but it sends migrant workers to Andhra

Pradesh, Punjab, and now even Kerala. This clearly helps these states do well economically by capitalizing on cheap labour.

In addition, timber, iron ore, and bauxite are shipped to different parts of the country from Bihar, Orissa, and Jharkhand, some of the poorest parts of India. Uttar Pradesh is far from being prosperous, but India earns a lot of foreign exchange from the textiles, brasswork, and carpets produced in this state. Maharashtra, on the other hand, is prosperous, but there are migrants there from Mumbai, Pune, Kolhapur, and Nashik.

Ernest Renan once famously made a distinction between thinking nationally and thinking rationally. In India, the strong national, and perhaps irrational, commitment to territory is complemented by rational economics.

WHY CORRUPTION IS A SCANDAL NOW

Today, India is in a rather reflective mood. Who will follow Manmohan Singh? Will it be Rahul Gandhi or some other lucky winner outside the "family"? Who will lead the Congress? The answers are not clear. Yet, the Congress-led coalition in the centre seems quite settled because none of the alliance partners is in the mood to flirt with other combinations, and for good reason. Those elected know that in Indian politics one cannot rely on a winning streak because fortunes change rapidly. It is this uncertainty that has kept the ruling United Progress Alliance (UPA) firmly in place since the 2004 elections where no party won a clear majority.

Every cloud indeed has a silver lining. Fresh cases of corruption erupt on an almost daily basis, embarrassing this government at every turn. This is bad news, no doubt. On the other hand, there is a greater degree of civic vigilance in India today, made possible by television and the press. Whether it is the 2G spectrum scam or the Commonwealth Games scam, the media has brought the scandals to the public's

attention. To beat official stonewalling, journalists had to toss the scooped dirt high enough for it to fall on the other side of the wall. This made a mess of many political calculations.

However, it is not as if corruption is a new phenomenon in Indian politics. Scandals also plagued the Nehru government. The difference is that today the media is better positioned and quite tenacious—in some cases at least. One wonders why other instances of financial misappropriation do not get equal attention. Nevertheless, what is unearthed and made public makes a lot of mud slinging possible.

In addition, villagers are not that gullible any more. At one time, their lands could be easily acquired on the pretext of setting up projects for national development, but today they are much more aware of real estate prices. Although this awareness took some years to sink in, the consequence is that resistance to massive land grabs, whether by the state or private players, in the name of setting up factories, dams, or airports, is impressive. One might say that this again demonstrates the strength of Indian democracy. Rural India is as aware as urban India about how the real estate market functions.

LEGACY OF MANMOHAN SINGH

The next elections are three years away and that is a long time in politics. Anything could happen in this period, but if the Congress-led coalition wants to ensure another victory and leave a legacy for the future, it must do some things urgently. First, it should amend the colonial, 1892 *Land Acquisition Act*. It is both surprising and disgraceful that this law has been around for so long. An independent India must respect its citizens and provide them with adequate compensation when their land is acquired for development purposes. Second, and this might be a longer and more tedious process, the government has to tighten up the existing anti-corruption laws. Anger against the misuse of public office is real and growing; it will

[I]t is not as if corruption is a new phenomenon in Indian politics.

not just go away. It is, therefore, imperative that the administration begins to operate with transparency.

These measures may seem superficial, but they would have a great impact. The party that comes out looking clean first is the one that will get the votes. While corrupt politicians in the centre get the most attention, there are even dirtier hands among state-level actors. Increased transparency might pressure the system such that a new breed of politicians emerges, although we are now ahead of ourselves. If this government is to leave behind a worthwhile legacy, it can only be along these lines. On everything else, it will be more of the same. Liberalization is here to stay and so is privatization.

It would be rash to make any projections on the next general election now. We can say that Manmohan Singh's government has not delivered to its potential, but neither has the opposition National Democratic Alliance (NDA) led by the right of centre, Hindu-leaning Bharatiya Janata Party (BJP) covered itself in glory. The most we can expect from Manmohan Singh is continuity, stability, and a slow incremental increase in prosperity. And what can we expect from the opposition? We cannot be sure what they will do.

It is true that after the UPA came to power in 2004, identity politics took a backseat; but it is also true that the UPA has not been able to raise standards of economic well-being in the way it promised. Despite rolling out many grandiose programs, poverty figures stubbornly hold their own. Having said that, we must acknowledge that there remains a widespread belief that Manmohan Singh can still pack a punch. He is perceived by many to be on the right track, but caught

on the wrong foot.

One of the major reasons why UPA government programs have not made a difference to poverty statistics is the reluctance to invest in health and education. The privatization of large chunks of the economy has made certain classes richer, but the numbers of those in regular employment have not gone up in real terms. This has led to greater uncertainty among the working people as the overwhelming majority (93 percent) are still in the informal sector. They are not covered by health insurance, social insurance, or old age pensions, which is why they remain both vulnerable and poor.

Further, there is no thinking on delivering quality health and education universally. As targeted approaches will continue, so too will the substandard delivery of these merit goods. International experience shows that public health and educational services work best only when they are aimed at citizens in general and not at an identified population. However, on issues of this kind, there is no national debate, indeed no national consciousness. Sadly, even left parties are not thinking in this direction.

Chances are that, when people look back at the Manmohan Singh legacy, the overwhelming consensus may well be that this government had all the opportunities but blew most of them. The government has no straightforward agrarian policy, which is surprising given that 70 percent of the population lives in villages, although, admittedly, they are not full-time farmers. There is no policy toward enhancing formal employment, which is why 93 percent of India's labour force is still in the informal sector. Even today, about 39 million people annually sink into debt because of illness.

The optimists might well say that "things could have been worse." We could have had minority bashing and we could have had a situation where capital was shy of entering the country, but none of this has happened because the UPA has kept such damaging forces well under control. ♦

Democracy and politics in India: The foreign policy wildcard

For decades now, democracy in India has posed what Atul Kohli describes as an "intellectual puzzle." On the international stage, India's democracy—overt commitment to rule of law and respect in the main for its constitutional values—has marked it out as exceptional. Yet the practice of its democracy, most prominently through its politics, remains a challenge. In recent years, India's politics has been marked by frequent and staggering corruption scandals and, at times, by politically fomented violence and wildly irresponsible populism. Thus, while India's democracy remains one of its dominant characteristics internationally, its political life is mostly a "black box" to all but the best-informed observers. Both influence its foreign policy, but not as casual observers might expect.

India's internal affairs overwhelmingly consume most of its political bandwidth, leaving little capacity for geo-strategic and foreign policy planning. The fragmented, internally oriented nature of its exceptionally disputatious politics makes foreign policy formulation, particularly any fresh departure, difficult. In addition, the increasing role of regional parties, through coalition politics, has had immediate effects for India's bilateral relations, particularly in its neighbourhood.

DOMESTIC POLICIES

India's current government (United Progressive Alliance) led by the Congress has been marked by a series of scams and grave corruption scandals, an inability to check rising prices, and serious failures on the domestic security front. Prime Minister Manmohan Singh, initially welcomed for his outstanding calibre and high personal integrity, has suffered a loss of credibility among the Indian public for lack of effective action in the face of his government's mistakes. The statements affirming a commitment to fighting corruption and reactionary reshuffling of ministers in tainted positions has

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> India's democracy, overt commitment to rule of law and respect in the main for its constitutional values has marked it out as exceptional.

failed to inspire much confidence amid observers at home or abroad.

At the same time, however, his government's economic policies resulted in India successfully weathering the global recession and sustaining high levels of growth. This impressive economic performance meant no small rewards for India—not only did it make Delhi an attractive economic partner for all major powers, but also brought with it considerable political clout in international affairs. For example, India's voice is an important one in the G20, as it strives to address the challenges of the global economic and financial crisis. It has also allowed India to mobilize major powers in its favour on issues of national interest, such as pressure on Pakistan to end cross-border terrorism.

FRAGMENTED POLITICS

In the early years after independence, dominance of the Congress party translated into a largely unified foreign policy ideology. The 1970s and '80s witnessed the decline of Congress hegemony and opened up greater space for regional interests in national politics—a phenomenon that was greatly accelerated by Indira Gandhi's authoritarian declaration of emergency rule (1975–77). Since the 1990s, political parties that appeal to ethnic, linguistic, and caste identities have proliferated and consequently coalition governments based on fragile alliances have become the norm.

On the one hand, political fragmentation has had a positive impact in allowing divergent views on India's role in the world to emerge in public debate. However, on occasion, this trend has constrained the formulation and practice of an effective foreign policy. Coalition governments require political parties constantly to "concede, coalesce, compromise, and come to a consensus." This makes decision making, including that on foreign policy, a tedious and often exasperating process. When faced with vital foreign policy decisions, such as parliamentary ratification of the India–USA civil nuclear cooperation agreement of 2008, a number of parties view the options strictly in terms of domestic political advantage, in that case almost resulting in a no-confidence vote against the government. Nonetheless, there has been considerable continuity of foreign policy in India between governments claiming to have nothing in common. For example, although differing on several vital national issues, both the Congress and the Bharatiya Janata Party maintained a similar stance on improving relations with Pakistan during their respective periods in power.

ECONOMIC INEQUALITY AND DOMESTIC INSECURITY

Since the economic reforms two decades ago, India has generated enviable economic growth. Despite this, almost

60 percent of India's population still lives below the poverty line. Poverty and intense inequality are seriously affecting India's internal security, notably by fuelling the Naxalite (Maoist) insurgency paralyzing up to a third of its districts and exposing the schizophrenic path of economic development in India. Deep-rooted social and economic inequalities have also encouraged several secessionist movements, notably in India's ethnically diverse northeast, which believes itself to be both neglected by Delhi and at times brutalized by its security forces. Moreover, while national programs such as the Rural Employment Guarantee Scheme are harbingers of progress, too much Union money for poverty alleviation is still siphoned off as it flows through state governments.

These and other domestic security concerns not only monopolize the attention of Indian decision-makers, but also have implications for India's relationship with neighbours who are intimately interested, if not directly involved, in many of these insurgencies. The northeast of India (where China claims the entire state of Arunachal Pradesh as its own) is awash with light weapons flowing in from China—without any hint of government support—and through international trafficking via Myanmar and Bangladesh. India's relationship with Myanmar, including its controversial support for the military regime there, rests mostly on strategic interests relating to its northeast. The insurgency in Kashmir and the cross-border terrorism emanating from groups located in Pakistan are the most persistent irritants in the India–Pakistan relationship and a source of instability for South Asia as a whole.

CORRUPTION

Another significant risk to India's international standing stemming from its political life is the scale and brazen nature of corruption (see David M. Malone, "Corruption Can Entail India's Global Image," *The Hindu*, May 9, 2011). The Commonwealth Games of 2010, long built up as an opportunity for India

Prime Minister Manmohan Singh, initially welcomed for his outstanding calibre and high personal integrity, has suffered a loss of credibility amongst the Indian public for lack of effective action in the face of his government's mistakes.

to impress the world, instead offered a bemused global media the spectacle of shocking cost overruns, the result of egregious incompetence by political cronies with responsibility for oversight of the event, forcing an apparently reluctant government to initiate inquiries leading to indictments relating to these disturbing circumstances. Only months later, leaked tapes of discussions involving a number of leading Indians made clear the extent and distasteful nature of the nexus between a number of business leaders and national politicians. The tangential involvement of prominent media figures exacerbated public dismay. And the 2G Spectrum scandal over new licences for mobile phone services, if allegations prove true, places the others in the shade, in terms of the scale of financial misappropriation. While corruption is an unpleasant fact throughout much of Asia and the world, India's repeated brushes with large-scale corruption involving huge sums of money (as, for example, in the Indian Premier League cricket funding scandal of 2010) have disconcerted its friends.

THE ARGUMENTATIVE INDIAN

Since the turn of the millennium, the media has provided the principal arena for intellectual and policy debate on Indian foreign policy, with the government's policies and positions rarely spared. But while criticism of government is a hallmark of democracy everywhere, intensely nationalist voices in the media have sometimes proved an obstacle for India in moving forward constructively on relations with its two most potentially troublesome neighbours—China and Pakistan. India's relationship with China is complex, with potential for cooperation in the economic sphere but contentious in other areas, particularly as both vie for influence in Asia. When the two clash, as they often do, the sensationalism of India's free press sometimes leads India to overreact to developments that China's highly controlled media system can tackle more subtly. Relations with Pakistan have historically been fraught, and frequent incidents of terrorism in India with proven or suspected links to Pakistan have escalated the tension. Although both sides occasionally attempt to negotiate and solve differences, there is strong resistance from many Indian quarters to "let go of the past" so as to move forward on these relations.

Domestic politics play a key role in determining India's positions on "hot button" international issues. India's colonial past remains a vivid factor in Indian diplomacy today and the result has been excessive touchiness at times. Climate change is a case in point: in the days leading up to the Copenhagen negotiations, India initially maintained its position of not offering any legally binding emissions reductions; however, within the government, India's Environment Minister Jairam Ramesh argued in favour of flexibility, proposing an offer to reduce carbon intensity and be a "part of the solution to the problem." He was severely challenged by India's negotiators (among several others) for such concessions without obtaining reciprocity from other countries (China's unilaterally offered

The distinctive character of legal adversarialism in India

In India, two venues for challenging government and bureaucratic corruption have come to dominate public discussions. One venue is the sphere of protest, appealing to the legacy of Mohandas Gandhi and the Indian independence movement. The technique is to appeal to public opinion and shame public officials into action. The highest profile recent example of this sort of challenge is represented by Anna Harvare's starvation plan.

The other venue is the Supreme Court of India. Here, the technique is one of legal adversarialism. Perhaps the highest-profile recent example of this sort of challenge to government corruption was the jailing of a government minister. In 2006, Maharashtra Transport Minister Swarup Singh Naik was jailed for contempt of court for one month. How and why has legal adversarialism evolved in India so that it can be used to challenge government and bureaucratic corruption in this way?

LEGAL ADVERSARIALISM AND PUBLIC-INTEREST LITIGATION

Legal adversarialism is ordinarily understood as a form of policy development that revolves around the uses of the courts. In Canada and the United States, legal adversarialism is a well-known, albeit controversial, policy path. In one of the known formulations in the United States, it is a "particular style of policy-making, policy implementation, and dispute resolution by means of lawyer-dominated litigation." Much of the controversy surrounding legal adversarialism in North America revolves around its inefficiencies and its counter-majoritarian character. The inefficiencies concern the high costs of litigation and the imprecise path by which policy is developed through litigation. The counter-majoritarian character of legal

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> In India, legal adversarialism is a style of policymaking, policy implementation, and dispute resolution by means of Supreme Court, judge-dominated litigation.

adversarialism reflects the fact that sometimes the courts are an alternative venue for minority interests or perspectives to be heard on a given policy issue, especially when they have been silenced in the legislature or the civil service.

In India, legal adversarialism has evolved in a very different direction compared with Canada and the United States. Rather than being centred on lawyers, legal adversarialism is centred on judges—in particular, Supreme Court judges. In India, legal adversarialism is a style of policy-making, policy implementation, and dispute resolution by means of Supreme Court, judge-dominated litigation. This sort of litigation originated three decades ago, driven by a concern with the public interest. It has allowed the Supreme Court of India to take on a leadership role in the formulation of policy where other major government institutions—most notably, the

legislatures and the public service—have failed to act.

The principal architect of this form of legal adversarialism in India, often called public-interest litigation or social action litigation, was Supreme Court Chief Justice P.N. Bhagwati. Bhagwati explains:

> The primary focus is on state repression, governmental lawlessness, administrative deviance, and exploitation of disadvantaged groups and denial to them of their rights and entitlements. The public-interest litigation model that we have evolved in India is directed towards "finding turn around situations" in the political economy for the disadvantaged and other vulnerable groups. It is concerned with the immediate as well as long-term resolution of problems of the disadvantaged. It also seeks to ensure that the activities of the state fulfill the obligations of the law under which they exist and function.

In broad objectives, there is little here that is exceptional about public-interest litigation. The difference, as suggested above, is that judges in India play a proactive role in public-interest litigation that is exceptional for a common-law legal system.

What differentiates public-interest litigation in India's Supreme Court from other jurisdictions? In India, the court has redefined the traditional, "adversarial" judicial process as embodied in the *Civil Procedure Code* and the rules of evidence. It has allowed for the departure in public-interest litigation from the traditional, adversarial procedure, where each party produces his own evidence, tested by cross-examination by the other side, with the judge as a neutral umpire deciding the case on the basis of materials

produced by both parties. Five distinct judicial innovations set it apart from the adversarial systems in other common law countries.

- *Changes to the Doctrine of Standing:* The Supreme Court of India began to allow that an action in the courts can be initiated by any group or member of the public on behalf of the underprivileged, not just the parties who were harmed.
- *Epistolary Jurisdiction:* The Supreme Court began to accept informal letters (epistles) to the Court as actionable statements of claims.
- *Court-Appointed Commissioners:* The Supreme Court began to appoint commissioners to investigate, gather evidence, and submit reports to them.
- *Diverse Remedies:* The Supreme Court began to allow for a multitude of unconventional remedies, although there has been an effort to respect the principle of judicial restraint and avoid exceeding limits on judicial powers in creating remedies.
- *Monitoring Mechanisms:* Ordinarily, courts do not assume a monitoring role with regard to their judgments. However, in India, the Supreme Court has developed a series of monitoring mechanisms that allow it to follow up on its earlier decisions.

These five innovative developments have enabled judges on the Supreme Court to engage in policy in a way that would be largely unimaginable in other common-law countries. In effect, they provide an account of how legal adversarialism can be used to challenge government and bureaucratic corruption.

LAW AS CONSTITUTIVE OF DEVELOPMENT IN INDIA

Why is it important for the Supreme Court of India to play the role of challenging government and bureaucratic corruption? In Canada and most other developed countries, corruption is dealt

> [L]aw in India is now viewed not just as an instrument for development but as a measure of India's development.

with through oversight officers of the legislature, such as the auditor general of Canada. These officers issue reports, which in turn can lead to the appointment of a public inquiry such as in the case of the Quebec sponsorship scandal. The courts do not play a proactive role. What is different in India?

The answer lies in appreciating a major shift in thinking about the relationship between law and development. This shift in thinking is evident in polices of the World Bank and other leading international organizations. Traditionally, law in a developing country has been viewed as instrumental and purposive—an agent of development policy. In other words, law is a means for realizing development. Recently, however, law has come to be viewed not just as an instrument for development but as a measure of and definitional to development. Law understood in different ways as human rights, courts, property rights, formalization of entitlements, the prosecution of corruption, and public order has come to define development in part. This is what is meant by the idea of law as constitutive of development. The rule of law is seen not simply as being necessary for economic markets to operate efficiently and attract foreign investment. Liberal constitutional orders are thus seen as an aspect of what it means to be developed, regardless of its impact on economic indicators.

In Canada and the United States, models of legal adversarialism rarely involve a great deal of reflection on how law should be viewed. The assumption is that law is part of the toolkit for making policy; as one of the tools in that kit, law

is merely an instrument for realizing policy objectives. Whatever criticisms might be pressed against legal adversarialism in North America, however, they do not include that law is appreciated only for its instrumental role.

India provides a very different context for legal adversarialism. Given the constitutive idea of law as being a measure of and definitional to development, it makes sense to have that idea reflected in the practice of legal adversarialism. A great deal of the attention given to public-interest litigation in India has treated law as a mere instrument for policy formulation and implementation. These accounts rightly emphasize the role of public-interest litigation in India advancing the interests of the disadvantaged in Indian society—law is instrumental. Our point is that the constitutive idea of law and development demands from the Supreme Court of India a responsibility to sustain and support rule-of-law practices. These practices include measures against graft and other forms of government corruption.

LEGAL ADVERSARIALISM AND GOVERNMENT CORRUPTION

How has legal adversarialism challenged government corruption? In 2006, the Supreme Court of India broke new ground in its efforts to challenge government corruption by sentencing an elected state legislator, Swarup Singh Naik, to prison. The Supreme Court in 1997 had directed the state government of Maharashtra not to renew sawmill licences in the forest near Tadoba. In 2004, state Transport Minister Singh Naik permitted six sawmills to operate in the forest in spite of the court order. In response, the Supreme Court sentenced the minister to one month in jail for contempt of court. The minister also resigned. In the same year, the Supreme Court similarly intervened to issue guidelines for police administration, which is ordinarily thought to be out of the Court's jurisdiction.

Since 2006, the Supreme Court has been inserting itself more and more into

Legal adversarialism in India

the process of investigating major government corruption scandals. Judgments of the Court have made increasing reference to corruption. In 2010, its decisions referenced more than 50 instances of government corruption. It took on the role of overseeing the investigation into the telecom licensing scandal, which is said to have cost the Indian government $39 billion in lost revenue. It has also ordered the public distribution system to distribute free grain to the poor rather than leave the grain to rot and be eaten by rats. In March 2011, it forced the official appointed by Prime Minister Manmohan Singh to head the Central Vigilance Commission, which is mandated to lead India's fight against corruption, to resign because he was implicated in the telecom licensing scandal. Even more recently, the Supreme Court pressured the Central Bureau of Investigation to investigate allegations of corruption involving the Commonwealth Games.

Our point is that these aggressive responses of the Supreme Court to corruption operate in the realm of legal adversarialism and must be viewed as a reflection of the idea that law in India is now viewed not just as an instrument for development but as a measure of India's development.

CONCLUSION

At present, it might be tempting to see the Supreme Court of India as a great saviour in the fight against corruption. Unfortunately, however, legal adversarialism as a technique for challenging government and bureaucratic corruption in India has its limitations. For in India, there are genuine concerns about corruption among the justices on the Supreme Court. Clearly, corruption of this sort poses a threat to claims about advances toward rule of law in the development of India. Legal adversarialism is not, however, capable of addressing corruption among the judiciary. The present government in India believes, and we concur, that what India ultimately needs is something like a judicial council to enforce ethical and best practices among its senior judges and punish judges for corruption. This sort of judicial council run by senior judges exists in most other common-law countries. However, it is not clear in the case of India who would establish or operate such a professional body.

Ironically, if India does establish a judicial council with the objective of combatting corruption among the judiciary, such a council may also attempt to regulate the other behaviours of Supreme Court justices. As we noted above, the Supreme Court of India developed its unique model of public-interest litigation by adapting the adversarial system in ways that facilitate the technique of legal adversarialism as a way to challenge government and bureaucratic corruption. Judges on the Supreme Court were the authors of these distinctive features of Indian legal adversarialism. In many common-law countries, including Canada, it is likely that a judicial council would have viewed such innovations as unprofessional and a compromise on the impartial role that judges are required to assume in an adversarial legal system. Our point is that a judicial council may prevent the Supreme Court of India from continuing in its role of challenging corruption on the ground that fulfilling this role requires judges to act unprofessionally. 🍁

The foreign policy wildcard

targets notwithstanding). India's negotiators too were also routinely castigated for caving into foreign pressure at the slightest hint of a conciliatory stance.

DEMOCRACY AS INDIA'S "SOFT-POWER"

India's recent diplomacy suggests that Delhi is sensitive to the value of democracy in developing ties that bind. India's partnership with Brazil and South Africa (IBSA) is being described as a "natural one" between leading, market-oriented democracies. India's democracy could indeed provide Delhi with a degree of soft power advantage in the Asia-Pacific region, which is nervous about new Chinese assertiveness, along side the continued strong role of the United States in the region aiming to constrain Chinese influence. C. Raja Mohan notes that "a future balance of power in which democratic India constitutes a principal pole would better protect liberal values embodied by Indian society than a future order in which an authoritarian China enjoyed hegemony in Asia."

THE PATH TO GLOBAL POWER

India is well on its way to meeting the aspirations of its people to achieve global significance. It is not just a member of the G20 but, indeed, a leading one. Prime Minister Singh, even when his government has stumbled domestically, has been an effective spokesperson for his country internationally. Nevertheless, India needs to tend to its domestic security challenges not only for internal reasons, but because too many insurgencies and terrorist incidents can only undermine its credibility internationally and slow its rise to meaningful global power status. As Prime Minister Manmohan Singh has recognized, some of the challenges relate more to failures in the country's economic development, and in the equitable distribution of its gains, than in essentially political grievances. 🍁

Note

The turbulent rise of regional parties: A many-sided threat for Congress

REGIONAL PARTIES CHALLENGE NATIONAL PARTIES

The past two decades have seen the rise of regional parties and their influence on both the state and national levels. With sizable electoral support, the regional parties have not only managed to win elections and form state governments, they have also influenced national politics. Together, India's two national parties, the Congress and the Bharatiya Janata Party (BJP), have roughly polled a little less than 50 percent of the votes. The vote share of the Congress has declined sharply during the past few elections, from 39.5 percent in 1989 to 28.6 percent in 2009. (See Table 1.) This decline is much sharper when we compare the vote share of the Congress in recent elections with early elections. At the same time, the vote share of the BJP has declined from 25.6 percent in 1998 (the BJP's best performance) to 18.8 percent in 2009. On the other hand, although all regional parties together polled a little less than one-third of the total votes, they managed to win a sizable number of seats in the Lok Sabha (House of the People, lower house of Parliament) in different states. Under these recent conditions, neither of the two national parties, the Congress and the BJP, have managed to win a majority of seats in the Lok Sabha.

THE DECLINE OF THE CONGRESS PARTY

The first few decades of Indian politics witnessed a complete dominance of the Congress until 1996, when its votes plummeted to only 28.8 percent. The Congress managed to form a coalition government after the 2004 Lok Sabha elections, and registered victory during the 2009 Lok Sabha elections. However, the Congress victories during the past two Lok Sabha elections provide no clear indication that the Congress is recovering at the national

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[R]egional parties have not only managed to win elections and form state governments, they have also influenced the national politics.

level. The increased share of votes at the national level simply reflects the popularity of various state governments where Congress is in power.

THE SEARCH FOR REGIONAL ALLIES

In states where the electoral contest is between the Congress and the BJP, the vote share of the Congress increases by a few percentage points, and this pattern has been consistent over the past seven Lok Sabha elections. During the same period, the vote share of the Congress declined in states where Congress is pitted against regional parties, whether independent or in alliance. The very fact that the Congress has had to form alliances with regional political parties in states like Bihar, West Bengal, Tamil Nadu, and Maharashtra indicates that the Congress is no longer a dominant political force in these states.

If seen in terms of caste, Congress had a sizable presence among the upper caste, lower caste Adivasis and Dalits, and the Muslims. While the Congress did get votes among other communities, its

popularity remained highest among Dalits, Adivasis, and Muslims. In states where the Congress is locked in contest against the BJP, the votes of the Brahmin and other upper castes have slipped away from the Congress to the BJP, although the Congress remains more popular than the BJP among the Dalit, Adivasis, and Muslims. The two parties are locked in a close contest for votes among the Other Backward Class (OBC), with the BJP having a slight edge.

DECLINING POPULARITY WITH DALITS

Although the Congress may have been popular with Dalit voters prior to the early 1990s, the Dalit vote has changed during the past two decades. (See Table 2.) Nationally, Congress gets a little more than one-quarter of the Dalit vote, but in states with a two-party contest between the Congress and the BJP, the majority of Dalits vote for Congress. However, Congress loses this advantage among the Dalit voters in states where the Congress is up against regional parties. Here, less than one-quarter of the Dalit vote for the Congress. The Dalit vote bank has been threatened by the Bahujan Samaj Party (BSP) in Uttar Pradesh, the Telugu Desham Party (TDP) in Andhra Pradesh, the Lok Jan Shakti Party in Bihar, the Bjju Janata Dal in Odisha (formerly Orissa), and Tamil Nadu and the Left Front in West Bengal, among other places.

The Adivasi vote for the Congress is quite similar to that of the Dalit vote; the threat is more from regional parties than the BJP. In two-party contests, the majority of Adivasi voters opt for the Congress, but in states where the Congress is contesting against regional parties, the Adivasi vote declines drastically. In such instances, only a quarter of the Adivasi voters vote for Congress, although the 2009 Lok Sabha election saw an increase in votes for Congress.

The turbulent rise of regional parties

GROWING MUSLIM SUPPORT

The Congress is more popular among Muslims than the Dalits and the Adivasis. It has received almost 40 percent of the Muslim votes during past five Lok Sabha elections. (See Table 3.) The Muslim vote strongly favours the Congress in contests against the BJP. However, regional parties have made a dent in the Muslim vote for the Congress. In states where Congress is in a contest against regional parties, Congress receives only about one-third of the Muslim vote.

In states like Andhra Pradesh West Bengal, the vote for Congress among Muslims declined by nearly 15 percentage points. The Congress faces the challenge of retaining its Muslim support in states like Assam, where the Assam United Democratic Front takes a large chunk of the Muslim vote. The contest for the Muslim vote in Uttar Pradesh is largely between the BSP and the Samajwadi Party (SP); although the 2009 Lok Sabha elections witnessed some reversal, with the Congress managing to win back some Muslim support after a long gap. In Bihar, the majority of Muslims voted for the Rashtriya Janata Dal (RJD), although recent elections saw the Muslim vote split between the RJD and Janata Dal (United) (JD (U)). The Congress could not attract Muslim voters in Bihar. In Jharkhand, which witnessed a multiparty contest with Jharkhand Mukti Morcha (JMM), the Jharkhand Liberation Front, a dominant political player, the Muslim vote was largely fragmented.

A POLITICAL CULTURE OF COALITION GOVERNMENT

The net result is that, in the absence of any single party having a majority in Lok Sabha, political parties have had no

TABLE 1 Vote share of the Congress: Lok Sabha elections 1989–2009

	1989	1991	1996	1998	1999	2004	2009
Vote share of Congress	percent						
All India	39.5	36.6	28.8	25.8	28.3	26.5	28.6
In states where Congress is in a two-party contest against BJP	40.8	40.8	33.8	38.6	44.4	39.6	42.3
In states where Congress is in a contest against regional parties	37.7	32.0	26.7	18.9	22.5	22.5	24.9

Source: CSDS Data Unit.

TABLE 2 Challenge to the Dalit vote bank of the Congress from regional parties

	Year of Lok Sabha Election				
	1996	1998	1999	2004	2009
Dalit vote for the Congress in different contest type	percent				
Congress (all India)	32	28	31	28	27
In states where Congress is in a bipolar contest against BJP	52	53	59	55	54
In states where Congress is in a contest against regional parties	31	25	25	22	23

Source: National Election Study 1996, 1998, 1999, 2004, and 2009.

TABLE 3 Threat to the Muslim vote bank of the Congress from the regional parties

	Year of Lok Sabha Election				
	1996	1998	1999	2004	2009
Muslim vote for the Congress in different contest type	percent				
Congress (all India)	31	33	40	37	38
In states where Congress is in a bipolar contest against BJP	67	60	84	69	70
In states where the Congress is up against a regional party	26	28	37	29	33

Source: National Election Study 1996, 1998, 1999, 2004 and 2009.

Coalitions: Permanent instability or reinforcing democracy?

THE CONGRESS SYSTEM

A quarter century has passed since a single-party, majority government emerged from a general election in India. With the transformation from the one-party dominated "Congress system" to a more competitive multiparty system, the chances of electing a single-party government have almost ceased, leading to a continual succession of coalition or minority governments since the 1989 general election.

In the Congress system, the Congress was the dominant party at both the national and state levels. Much of the politics of the country took place within the Congress, with its opponents reduced to side roles. In the new party system, the Congress became one of many players. When it comes to evaluation of multiparty governments, the negative rather than positive perception about coalitions has dominated. While critics have primarily focused on issues of durability and instability, the more optimistic have argued that the coalition era has reinforced democracy in India. This article presents a brief examination of both sides of this argument.

COALITION GOVERNMENTS IN INDIA: A STUDY IN CONTRASTS

The Congress government between December 1993 and May 1996 was the last single-party government before a series of coalitions that followed at the national level. This P.V. Narasimha Rao-led government actually began as a minority government in 1991, dependent on the support of other parties for its survival; however, around the middle of its term, the Congress party controversially encouraged defectors and gained a majority of its own. Barring this phase, all federal governments, or central government as it is called in India, since 1989 (see Table 1) have been coalition or minority governments.

BY K.K. KAILASH

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> ## [T]he chances of electing a single-party government have almost ceased.

Short-run governments, none of them completing their full term, marked the first decade of the coalition era, as can be seen in Table 1. Another feature of this period was the formation of mid-term governments. Governments that formed the 9th, 11th, and 12th Lok Sabha (lower house of Parliament) did not complete their terms and most of them fell because of internal dissension. Furthermore, while the 9th Lok Sabha had two governments, the 11th experimented with three. Notwithstanding this initial decade of instability, post-1999, two multiparty governments have completed full terms and the United Progressive Alliance became the first government of any form—single-party or coalition—in nearly three decades to be elected back into power.

THE NEW LANDSCAPE OF COALITION GOVERNMENTS

The federal government in the first four decades after independence was a monopoly of the Congress party. However, with the emergence of a competitive multiparty system almost all parties across the political spectrum have been involved in government in some way or the other. Note that in the new party system, the space occupied by single-state or region-based parties has increased substantially, and those parties form the "coalitionable" core. Over time, the Congress and the Bharatiya Janata Party (BJP) have become the two dominant coalition-makers and the "nodes" around which coalitions have formed.

The party system and subsequent coalition formation in India has been greatly influenced by the territorial organization of the political system with its division of powers between the centre and the states. Consequently, electoral coalitions and alliances, in an attempt to make up for geographic deficits, have been an integral feature of coalition experiments in India.

COALITIONS AND ENDEMIC INSTABILITY

The short-lived nature of the early coalitions naturally raised questions about the longevity and stability of coalition experiments. On almost similar lines as the Anglo-Saxon critique of multiparty governments when they were formed in Europe, in India, too, coalitions have been associated with endemic instability, parochialism, short sightedness, and populism, and have been viewed as marriages of convenience carried out for the sake of achieving power.

Much of this criticism is based, however, on a set of unfounded assumptions about the superiority of single-party governments. First, it assumes that a single-party majority is necessary for a strong and efficient government, because a government composed of numerous parties is likely to be mired in "unholy" bargaining and compromises of principles, and therefore likely to be weak. In reality, negotiation and accommodation are an integral part of everyday politics, which is not specific to coalitions. Furthermore, while bargaining may be visible in coalition experiments, divisions and factionalism can tear apart governments run by single parties.

Second, because durability indicates stability, critics assume that durable

Coalitions

governments are effective. Again, there is nothing specific that makes full-term governments more effective than short-lived ones. Despite lasting a full term, a government can still end up being declared a non-performer by the voters. Findings from coalition studies, both theoretical and empirical, clearly show that coalitions are not non-performing, weak, unstable, and unrepresentative, as has been popularly conceived.

REINFORCING DEMOCRACY AND INCREASING REPRESENTATIVENESS

The argument that coalition politics has reinforced Indian democracy is primarily based on the contrast between the coalition era and the contiguous period before it. With the democratic transformation that began after Independence gathering pace, the Congress used every available means to continue its dominance. It assumed that it had a monopoly

The party system and subsequently coalition formation in India has been greatly influenced by the territorial organization of the political system with the division of powers between the centre and the states.

over representation. Consequently, the period toward the end of one-party dominance was marked by deep stress and strain within the political system. The high tension in centre–state relations, with Congress not allowing any other party to settle into power, is a conspicuous feature of this period.

It is in the light of this background that coalitions are seen as being more representative where they are a power-sharing device intended to accommodate multiple territorially based identities. Here, coalitions are seen as an institutional

solution to mitigating problems of diversity in heterogeneous societies. They are not seen merely as a form of government arising in a multiparty competitive situation, but as a democracy-reinforcing solution that increases representativeness and makes governments more inclusive.

FEDERAL COALITIONS: UNITY IN DIVERSITY

Coalition studies in India have argued that federal coalitions, which bring together polity-wide parties and numerous

TABLE 1 **Federal governments in India since 1989**[1]

	Lok Sabha	Government	Coalition	Prime Minister	Begin	End	Election/Mid Term
1	Nine	National Front	Yes	V.P. Singh	Dec. 1, 1989	Nov. 7, 1990	1989 Election
2	Nine	Janata Dal (Breakaway)	Yes	Chandrashekar	Nov. 10, 1990	Mar. 6, 1991	Mid-term
3	Ten	Congress	No	P.V. Narasimha Rao[2]	Jun. 21, 1991	May 16, 1996	1991 Election
4	Eleven	BJP + Four	Yes	A.B. Vajpayee	May 16, 1996	May 28, 1996	1996 Election
5	Eleven	United Front I	Yes	H.D. Gowda	Jun. 1, 1996	Mar. 30, 1996	Mid-term
6	Eleven	United Front II	Yes	I.K. Gujral	21.04.1997	Nov. 28, 1997	Mid-term
7	Twelve	BJP + Allies	Yes	A.B. Vajpayee	Mar. 19, 1998	Apr. 17, 1999	1998 Election
8	Thirteen	National Democratic Alliance	Yes	A.B. Vajpayee	Oct. 12, 1999	May, 22, 2004	1999 Election
9	Fourteen	United Progressive Alliance I	Yes	Manmohan Singh	May 22, 2004	May 22, 2009	2004 Election
10	Fifteen	United Progressive Alliance II	Yes	Manmohan Singh	May 22, 2009	Continuing	2009 Election

Source: Compiled from media reports and government of India press releases.

1. A change in prime minister has been counted as a change in government.   2. This was a minority government until December 31, 1993.

single-state or multistate parties on the same platform, have, while recognizing the needs of diversity, also reconciled the demands of national unity. Federal coalitions have enabled multiple diversities, including regional, religious, caste, linguistic, and cultural, not only to be represented at the centre but also to exercise power. In a way, coalitions play an integrating role in bringing together different sections of a diverse polity.

While coalitions have allowed distinctive interests space, they have also tempered uncompromising positions, making the polity more inclusive. While both the Congress and the BJP are actually reluctant coalition-makers, the strategic imperatives of government formation have constrained them to moderate their stands. Just as the BJP was forced to dilute its extremist positions on numerous issues, so too Congress was pushed into accepting the "legitimacy" of coalitions in order to attract coalition partners. Likewise, many state-based parties have sidelined previously hardline positions to become "coalitionable."

FEDERAL COALITION AND GOVERNANCE

Federal coalitions have, over time, institutionalized sophisticated coordination and management mechanisms that have helped take care of not only relations between political parties but also issues of governance. For example, the "group of ministers" device—essentially an interministerial panel composed of three to six ministers—was primarily intended to minimize differences within the council of ministers, but has also been used to engage various coalition partners and to allow state-based actors space in national-level decision making.

Though India's early federal coalitions were transient and unstable, coalition experiments post-1999 have not only completed their term but have also governed as well as or as poorly as single-party governments. Federal coalitions have allowed for greater representation as well as recognition of diversities and, most important, given state-based interests space in national-level decision making. This most definitely has been the defining feature of the coalition era in India. 🍁

The turbulent rise of regional parties

choice but to form coalition governments. All of India's national governments since the 1996 Lok Sabha elections have been coalition governments with the regional parties playing a key role in formation of the government at the centre. Indian politics has moved from an era of single-party rule with the absolute dominance of the Congress from 1952–89 (with the brief exception of 1977–80) to an era of coalition politics.

Regional parties have played an important role in Indian politics at both the state and national level for a little over a decade and will continue to play such a role in the coming years. Regional parties have made important inroads into the traditional support base of the Congress among Muslims, Dalits, and Adivasis. With its declining popularity among traditional supporters, the Congress is heavily dependent on the OBC and the upper castes for electoral success. While the Muslim, Dalits, and Adivasis do vote for Congress in selective states, depending on the type of electoral contest, their support base has certainly declined compared with the past.

There is now some overlap in the support base for both the Congress and

> **Indian politics has moved from an era of single-party rule with the absolute dominance of the Congress … to an era of coalition politics.**

the BJP. With the regional parties sure to stay in Indian politics for at least a decade or more, there are only two ways for the two national parties to expand. The Congress and the BJP must either enter into alliances with the regional parties or try to make inroads into the support base of the regional parties. There is no third route available for these two national parties.

On the other hand, while regional parties will continue to play an important role in Indian politics, it is hard to imagine a political scenario in which these parties would combine to form a formidable third front. Even though some

regional parties face a leadership crisis, they would suffer from a leadership surplus if all the regional parties combined to form a third front alternative to the Congress and the BJP. It is hard to imagine a third front with Mayawati, Jaylalitha, or Mamata Banerjee together. These are only a few names; there may be many more in the race for the top post, which will put a big question mark on the stability of a third front. 🍁

Table Notes

1. The states classified in the category of two-party contests between Congress and BJP are Arunachal Pradesh, Goa, Gujarat, Himachal Pradesh, Karnataka, Madhya Pradesh, Rajasthan, Delhi, Chhattisgarh, and Uttarakhand.

2. The states classified under the category of a contest between Congress and regional parties are Andhra Pradesh, Assam, Bihar, Haryana, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Orissa, Punjab, Sikkim, Tripura, Uttar Pradesh, Jharkhand, and West Bengal. This classification is valid for all the elections.

India's caste-ridden psyche

BY AJAY GUDAVARTHY

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The caste system has become a permanent feature of the social, political, and material dimensions of Indian reality. The effects of the caste system permeate not merely the dynamics of redistribution, but also recognition and representation. While, certain measures have been implemented to mitigate the ill and adverse effects of the caste system on the processes of economic redistribution, the effects on the issues of recognition and representation remain both understudied and neglected.

One of the critical dimensions of a caste-ridden psyche is the generation of self-contempt among those suffering under the caste hierarchy. The caste system reproduces itself when the victims themselves believe that they are not worthy of respect. This belief is fuelled through various rituals and philosophical propositions, such as *karma* theory, that are converted into common sense and through other related, performative dimensions of the caste system. Dr. B.R. Ambedkar, who has been the leading proponent of the struggles against caste-based discrimination and was the architect of the Indian Constitution, was one of the few Dalit (i.e., former untouchables) leaders who realized the importance and the interconnection between all three dimensions: redistribution, recognition, and representation.

In fact, it was around the issue of how much/how to combine the material with the cultural or psychological that Ambedkar and Gandhi strongly differed. Gandhian strategy almost replaced the issue of the material with the moral, while Ambedkar attempted to combine the two and look for ways where one did not negate the other. He, therefore, argued for strong state intervention and the implementation of welfare measures to achieve material amelioration. He put forward the policy of reservations, or affirmative action, in jobs (economic), education (social), and parliament (political). Ambedkar was conscious that

> [P]olicies of affirmative action or reservations seem to create an inherent conflict between the processes of redistribution and the demands for recognition.

anti-caste struggles were not merely about achieving a few jobs; the struggle was to regain "dignity," "honour," and "title deeds" (property). While, on one hand, he wanted to use the power of caste as a community, on the other hand, he proposed the large-scale conversion of Dalits to Buddhism, to have them move outside the fold of Hinduism.

RESERVATIONS AGAINST RECOGNITION: DEEPLY CONFLICTED

The system of reservations refers to a policy framework that allows for jobs and seats in government-run institutions to be reserved—as quotas—in proportion to the population of the so-called lower castes, including the Scheduled castes and Scheduled tribes. It was decided at the time of the Constitution-making process that 23 percent would be reserved for the so-called lower-caste groups.

India has, since then, been following this provision and implementing what has come to be referred to as reservations. The wide-scale belief was that such a policy would provide new opportunities for the disadvantaged social groups, and produce, in due course, elites who could effectively represent the interests of the Dalits. However, the policies of affirmative action or reservations seem to create an inherent conflict between the processes of redistribution and the demands for recognition. While it is a fact that the policies of reservation have created new opportunities for the specific disadvantaged social groups, these however have come at a cost of causing the intangible injury of mis-recognition. The result is to mark the most disadvantaged class as inherently deficient and insatiable, as always needing more and more. In time, such a class can come to appear privileged, the receipt of special treatment and underserved largesse. Thus, an approach aimed at redressing injustices of distribution can end up creating injustices of recognition.

A TROUBLED ELITE LEADERSHIP

Moreover, the elites produced out of the system of reservations themselves remained stigmatized—seen to be less meritorious and enjoying undue benefits at the cost of the nation's resources. In spite of various struggles and new mobilization strategies, Dalits in India continue to be stigmatized and continue to face new forms of discrimination in the modern public sphere, institutions of higher learning, the market, and civil society.

For example, when Dalits join institutions of higher learning such as a university like Jawaharlal Nehru University in Delhi, they continue to be socially discriminated against in terms of their patterns of socialization—they face difficulties with English as a medium of education and teaching, among many other problems. These limitations further reinforce their sense of stigma. In order for democracy in India to have substantive meaning, this question must be answered: how can Dalits overcome stigma and attain a civic status that allows them to enjoy liberty, equality, and fraternity?

CONSTITUTIONAL PROTECTION FOR "BACKWARD CLASSES": THE SECOND DEMOCRATIC SURGE

Signposts to such an emancipation may well lie in the new sociological and political changes that India is currently witnessing. Perhaps what the Dalit struggles since independence could not achieve may well be possible with these changes. The foremost among these changes is the new wave of reservations that India has adopted since the 1990s. The Constitution of India, along with reservations to the Dalits, provides the scope to reserve opportunities to "backward classes." The Constitution, under article 340, provides provision for a commission to look into the issue of "backward classes."

Until the First Backward Classes Commission was set up in 1953, there was no definition or method of identifying which social groups constituted these classes and what role caste had. The Janata government in 1977 set up the Mandal Commission, which argued that class in many senses in India approximates caste; it identified 3,743 caste groups as "Other Backward Classes" (OBCs), comprising 52 percent of the total population. However, the Mandal Commission report faced resistance and the Janata government failed to implement its recommendations because it lost power to Congress by the time the report was published. It was only in 1990 that the V.P. Singh government took up the recommendations and announced the report's implementation.

This new wave of reservations—also referred to as the "second democratic upsurge"—I believe, is set to change the stigma attached to the discourse of reservations in India. This may be possible, first as a result of the reservations to the OBCs, part of which are politically and economically powerful. For the first time in India, an already existing elite section of the population would be part of the "reserved category."

WHAT DO DALITS WANT?

Demands from dominant groups (caste groups such as Jats and Rajputs) are

> [T]he elites produced out of the system of reservations themselves remained stigmatized—seen to be less meritorious and enjoying undue benefits at the cost of the nation's resources.

gradually making reservations a more generalized feature of the Indian polity, rather than being identified with any specific caste, community, or class. This, in turn, makes it very difficult for the so-called forward or upper castes to denounce or stigmatize the discourse of reservations. Instead, this debate has headed in the direction of "reverse social osmosis" by seeking reservations for the poor among the upper castes.

There is now a proposal in India to provide 5 percent reservations for the poor among the Brahmins. A proposal for 33 percent reservations for women in Parliament is pending, and it is expected that the Parliament will pass it soon. Various proposals to reserve opportunities for Muslims, based on the findings of the Sachar Committee, for disabled individuals, and for other disadvantaged sections of the society are the focus of the recently established Equal Opportunities Commission.

QUOTAS: A TIME-SENSITIVE ISSUE

A second reason why the stigma attached to reservations may be weakening is that the reservations policy for OBCs has introduced the new "creamy layer" criterion. This means that those above a certain income (in this case, Rs 4.5 lakh per annum) are not eligible to receive reservations. This not only removes elites and well-to-do social groups from receiving the benefits of reservations,

but it also introduces the idea that reservations are a time-bound and not a permanent mechanism. Even Ambedkar argued that the reservations for the scheduled classes and scheduled tribes needed to be restricted to a period of ten years, although he had restricted this criterion to the case of reservations in political representation. We need to revisit this issue to see whether the time-bound criterion can be applied to the reservations for Dalits in jobs and higher education. Time-bound reservations seem to be necessary to achieve both redistribution and recognition.

AFFIRMATIVE ACTION: WILL IT BE SUCCESSFUL?

Finally, OBCs approach the idea of merit very differently. The Dalits, for various reasons, dichotomized reservations and merit into two distinct compartments. Most argue that the very idea of merit is bogus—a fraudulent construct of the upper castes. However, they do not provide an alternative basis for the working of public institutions. So, in the process, Dalits remain permanent "outsiders" to pubic institutions. The question remains unanswered as to whether institutions can play their role and whether reservations alone will serve their purpose merely by giving proportional representation to individuals who belong to the so-called lower castes.

However, the OBCs seem to be combining reservations, competition, efficiency, and merit in new ways that are not mutually exclusive. Those who lack opportunities can also be meritorious if given the chance. Is it not important that there are further mechanisms, such as teaching extra English courses, so that everyone can perform well within the system? This new-found confidence can go a long way in refuting the attempts to stigmatize certain social groups as inherently and innately "backward."

The process of achieving recognition and overcoming stigma will not only give fuller meaning to the dignity and participation of Dalits in the Indian polity, but it will also strengthen India's democracy.

Money lenders, microfinance, and poverty alleviation

BY MEENAKSHI RAJEEV

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INTRODUCTION

It is well recognized in the literature that financial intermediaries provide the necessary link for mobilizing and channelling savings toward the productive investment required for economic growth. For growth to be inclusive, a prerequisite is that credit facilities be accessible especially to the poor. In India, however, a large proportion of the poor do not have access to formal credit institutions. This is primarily a result of the collateral-based lending policies of the formal agencies, which naturally keep credit out of the reach of the poor.

The formal agencies usually justify their position in terms of the high transactions costs they would incur if they dealt with a large number of smaller accounts. According to the new school of thought propounded by economists Karla Hoff and Joseph Stiglitz, the reluctance of formal lending agencies to deal with the poor is the result of the asymmetry of information about the borrowers and the consequent apprehension regarding default in repayment. To a limited extent, the rural farming class in India is able to access credit from the formal sector for production needs arising from the priority sector lending norms enjoined on them. Credit for essential consumption needs, such as for health or education, rarely comes from the formal sector.

ACCESS TO CREDIT: MACRO INDICATORS

Data gathered by the All India Debt and Investment Survey (AIDIS) and the Situation Assessment Survey (SAS) conducted as part of the 59th round of the National Sample Survey (2005), is the latest macro-level information available on credit accessibility especially by the poor, both from formal and informal sources. The AIDIS provides information regarding household debt and investment for 143,285 rural and urban house-

> ## In India … a large proportion of the poor do not have access to formal credit institutions.

holds engaged in a variety of occupations. Unlike the AIDIS, the SAS confines itself to farming households and the sample size for this data set is 51,770 households.

Our analysis of the data on farming households based on the SAS reveals that while 24 percent of the households with land holdings of less than 0.01 hectare have been accessing formal loans, this percentage increases to 70 percent for households with land holdings of 4 hectares and above. The poor access loans primarily from the informal sector and such borrowings are mostly used for non-income-generating purposes. The interest rate for the informal credit is charged at a 36 percent rate of interest (modal value); however, there are instances where informal lenders charge much higher rates of interest.

Loans advanced under such unfavourable terms and conditions, if used for non-income-generating purposes, can lead the poor borrower into a debt trap. Further, access to credit is unequal across different social groups. While 27 percent of male-headed households (both farming and non-farming together) are able to access credit, only 17 percent of female-headed households are able to access credit. These differences are prominent even between the male and female-headed farming households. Similarly, schedule tribe households—historically disadvantaged peoples or depressed classes—have much lower access compared with other households.

FINANCIAL INCLUSION AND THE CURRENT SCENARIO

Given that a large proportion of citizens still do not have access to the formal banking sector, the finance minister's 2007 budget speech emphasized the need for the Reserve Bank of India (RBI) through formal financial institutions to undertake a drive in favour of financial inclusion. This drive aims at bringing all citizens into the banking network, and one of the major instruments used to do so is the *no-frills account*. While such endeavours have deepened and widened the reach of the banks, the poor remain dependent on informal lenders.

A recent survey of farmers by the Institute for Social and Economic Change in the state of Karnataka revealed that even after the massive financial inclusion drive in the state, around 50 percent continue to depend on informal moneylenders. One of the major problems in accessing formal sector credit in Karnataka is the lack of proper land records. Land is transferred in the family across generations but legal issues arise because of unlawful land transfers to persons who really do not own that land. Even with the computerization of land records, this problem continues to persist. Informal lenders, on the other hand, provide loans without collateral, as the problems of information asymmetry and monitoring are minimal for them. Loan recovery is ensured largely through strong-arm methods.

MICROCREDIT IN INDIA

Against this background, the emergence of microfinance activities, in which people pool a small amount of money

monthly for a common village project financed by a loan from the group, are no doubt of great help to the poorer sections of society. Microcredit is advanced in India through two major institutions, (1) self-help groups (SHG) bank linkage programs (mainly initiated by the National Bank for Agriculture and Rural Development (NABARD)) and (2) microfinance institutions (MFIs).

SELF-HELP GROUP BANK LINKAGE PROGRAM

The self-help group bank linkage program (SBLP) of NABARD, introduced in 1992, is one of the most significant microfinance interventions in India. Under this program, self-help groups are formed by an NGO, a bank, or a government agency such as the Department of Women and Child Development. These groups meet regularly and make small deposits on a regular basis into a bank that, in turn, provides loans to the group.

This program has made rapid progress over the past 15 years, although there are certain areas that need strengthening to ensure a wider reach that will maintain the program's sustainability. The joint liability mechanism that ensures self-monitoring has proved that the poor are bankable.

In addition to its economic impact, there have also been significant social impacts—particularly on women. Women take part in various decision-making processes with their participation in the SHG regular meetings in addition to gaining familiarity with the banking system. Saving habits are thus promoted among the poor.

One shortcoming our survey in Karnataka reveals is the lack of bottom-up, group-based economic activities in a large number of groups. While the groups have social activities such as organized outings and cultural events, etc.; in the end, for the group members to derive continuous benefits from the SBLP, it is essential to include group-based economic activities, whereby the income-generating activities act as a binding force. During our interactions, we observed that when the groups were

> To satisfy the unmet demand for credit from the poor, microfinance institutions, often funded by foreign agencies, have emerged over time.

able to generate funds through their own savings and could access bank credit, they tended to divide the credit equally among themselves. These funds are then used according to individual needs. Often then, the loan amount per person remains small and does not provide enough to create a substantial income-generating activity. These groups would often look for further subsidized credit under government schemes such as the SGSY (rural self-employment program).

This mindset needs to be changed. Rather than looking for subsidized loans and subsidized rates of interest through participation in SBLP, group activities should lead to building the capacity to repay the loans from their own income. This is not to say that no income enhancement has taken place as a result of such savings and credit facility; however, the income enhancement possibilities can be improved manifold. Otherwise, after a few years, group members are likely to shift to MFIs for credit.

MICROFINANCE INSTITUTIONS: WELFARE MOTIVES OR PROFIT MAXIMIZING GOALS?

While the SBLP has helped marginalized women access credit, the amount of credit obtained is often inadequate because it depends on the savings generated by the group. Further, development of the SBLP is uneven across India; some states have low penetration of SHGs. To satisfy the unmet demand for credit from the poor, microfinance institutions, often

funded by foreign agencies, have emerged over time. These institutions operate not only as pure financial intermediaries; they also have welfare motives, especially for eradicating poverty. As emphasized by Britta Augsburg and Cyril Fouillet, the first microfinance summit campaign held in Washington in 1997 echoed such goals to make credit available to the 175 million of world's poorest families for self-employment and other income-generating needs. In India, many microfinance institutions emerged over time to ensure the availability of credit to the poor in remote areas. Subsequently, the microfinance institutions receive credit from the Indian banks (at 11 to 13 percent interest rates), which they re-lend to households. In general, the funds are lent mainly to the poor in rural and urban areas through the local business correspondents, representatives, or agents of the MFIs who gather information about household assets, etc., to identify the poor and needy. These MFI representatives/agents at the local level examine the loan appraisals of the potential borrowers and, based on their reports, the MFI advances a loan.

The agents often take part in the formation of joint-liability groups (JLG) of potential borrowers to disburse loans. According to the Malegam Committee report (2011), a committee formed by the Reserve Bank of India to suggest policies to regulate the MFIs, the MFI defines a poor household as one with income not exceeding Rs 4.5 lakh per annum (that is approximately USD $1,100). According to the same report, most MFIs individual loans are Rs 10,000 to 15,000, usually repayable within a year with weekly or monthly repayment schedules. Given the repayment schedules, it is difficult to estimate the actual annual rate of interest charged by the MFIs, which vary substantially from one another. The Malegam Committee insists that this area should be completely transparent, and every MFI should clearly display their effective interest rates in a loan card issued to the borrowers and in their offices. An Andhra Pradesh Mahila

Abhivruddhi Society (APMAS) study estimates the rate of interest to be around 30 to 36 percent.

A study conducted by APMAS in Andhra Pradesh shows that there has been intense competition among MFIs to lend at high interest rates while advancing multiple loans to poor borrowers. Frequently, defaulting borrowers were given larger loans in order to repay the previous loan. When loan burdens became untenable, reports indicated that some of the local agents of MFIs used coercive methods to ensure repayment.

If the loan was given to an individual member of a joint-liability group, often the group also pressured the borrowing member. Fear of losing standing in the community prompted many borrowers to consider suicide as the only way to escape the intense pressures created by their social network and the local MFI agent. This clash of interests between the borrower and the lender finally created enough political heat to force a reappraisal of the program.

The Reserve Bank of India established the committee, headed by Y.H. Malegam, to review the various issues concerning MFIs and to recommend regulatory steps to prevent the recurrence of such incidents. The committee recommended a number of reform measures including a cap on interest rates charged by MFIs (at 24 percent) and on the number of MFIs that can lend

> [C]redit alone, whether provided by micro credit schemes or through financial inclusion drives, might not be enough to lift the poor out of poverty.

to one borrower. Some of the measures such as ensuring transparency, adhering to a code of governance, and strict prudential norms will possibly help to streamline the sector and benefit consumers in the days to come.

CONCLUSION

As a result of the reforms in the financial sector, banks currently operate under stringent regulations concerning prudential norms and non-performing assets. Banks have strict guidelines regarding the means for ensuring repayment of loans. Our survey of banks has revealed that the loan waiver packages announced by the government from time to time have had a severe impact on the repayment habits of farming households with a growing number of people defaulting on

their payments. Banks operating under such compulsions formulate stricter norms that tend to discourage the poor.

Though microfinance institutions provide credit to the poor, the interest rates are more often than not usurious. A survey carried out by APMAS has revealed that borrowers find village moneylenders more lenient with regard to repayment due dates than the MFIs. Therefore, it is crucially important not only to keep the SHG bank linkage program alive but also to bring more groups under it. The SBLP provides credit that reflects the repayment capability of a borrower, and most importantly, the interest paid by the borrower becomes a part of the income of the group formed by the members.

The NABARD is making efforts to bring groups of farmers together with joint liability, along the lines of the SHGs. However, credit alone, whether provided by microcredit schemes or through financial inclusion drives, might not be enough to lift India's poor out of poverty. In addition to providing financial products such as insurance, remittance services, credit, and savings, it is necessary to address the issue of the absence of market structures. This prevents the poor from actively participating in larger economic activities and from reaping the benefits of a liberalized India, which is one of the fastest-growing economies in the world today. ❧

The Muslim minority at risk

BY MANISHA SETHI

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In 2006, a committee appointed by the prime minister to inquire into the socio-economic and educational status of India's largest minority group, Muslims, submitted its findings. Popularly called the Sachar Committee, its report only confirmed what many had long suspected: that the Muslim share in education, landholdings, and government employment was far below its share in population. It was reported that nearly 25 percent of Muslim children have never attended school—and only 17 percent of Muslims above the age of 17 have managed to complete matriculation (as compared with the national average of 26 percent); their participation in higher education falls further to an abysmal 4 percent. Only 5 percent of government employees were Muslims and the community—with 31 percent Muslims below the poverty line—was the poorest in the country, barring the Scheduled castes and Scheduled tribes, two groupings of historically disadvantaged people that are given express recognition in India's Constitution.

The report sparked a political row—with Muslim groups calling for affirmative action to address this discrimination and the right-wing Bhartiya Janta Party raising its staple bogey of "Muslim appeasement." Nevertheless, perhaps for the first time in public discourse, Muslims were being viewed as more than just cultural entities—as citizens with rights to participate in India's growth story. Debates around the rights of the minorities, especially Muslims, have centred largely on cultural questions— personal laws, for example—thus delaying the issue of material entitlements. The Indian state, too, traditionally disregarded attending to Muslim deprivation and inequality in favour of a cultural paradigm. For instance, the educational concerns of Muslims were deemed to be addressed through government programs to modernize madrasas—the Sachar Committee report strikingly

> **Debates around the rights of the minorities, especially Muslims, have centred largely on cultural questions … thus delaying the issue of material entitlements.**

shows that these traditional institutions are *not* preferred by Muslim parents—or through article 25, which allows minorities to establish their own educational institutions.

FALLING OFF THE MAP AND INTO PRISONS

There were other figures—deemed far more volatile than those that pointed toward gross Muslim underdevelopment—which, though collected by the committee, were omitted from the final report. These were statistics of Muslim incarceration. In the eight states that submitted prison data to the committee, Muslims were found to be grossly over-represented in prisons. In Maharashtra, where the Muslim share in population stands at 10.6 percent, according to newspaper reports of that time, the committee received information that Muslims comprised 32.4 percent of all jail inmates in the state. In Gujarat—which in 2002 witnessed the worst anti-Muslim pogrom in independent India—close to a quarter of those jailed are Muslims. In the

absence of disaggregated data about the crimes for which they have been convicted or are under trial, the high numbers are explained in curious ways. The former Director of the Border Security Force, Prakash Singh, rejected the charge of communal bias, arguing that, "[I]n cases of terror attacks or communal riots, if the police goes after the perpetrators of the violence, and they happen to be mostly Muslim, you cannot, in the name of secularism, expect the police to act in proportion to their population."

Commission after commission of inquiry had shown that minorities are the worst sufferers in times of communal riots; that the police, administration, and political leadership not only fail to protect the minorities, they are in fact complicit in the attacks; that the scale of violence and destruction could never reach the levels it has—whether in Delhi in 1984, Bhagalpur in 1989, Mumbai in early 1993, Gujarat in 2002, or Kandahmal in 2008— without the connivance of those who were meant to protect. This is not counting incidents such as Hashimpura where the Police Armed Constabulary (PAC) lined up Muslim men and shot them in cold blood—for no other reason than that they were Muslims (1987). There is enough documentation to suggest that this injustice is compounded by mass arrests and detentions—mostly illegal—of Muslims for rioting.

THE BOGEY OF ISLAMIC TERRORISM

As for terror attacks, there are no clear estimates about the total number of Muslim youth charged, facing trial, or convicted on charges of terrorism. A Delhi-based lawyer filed a Right to Information (RTI) application seeking the statistics on Muslims detained in various jails on these charges. The application evoked no response even two months after filing.

The Muslim minority at risk

On the contrary, the use of "Islamic" in conjunction with "terrorism" has been normalized in our discourse. For the past several years, scores of Muslim youth have been picked up, detained, tortured, charged for blasts—with clearly no evidence. Anti-terror agencies probing terror wilfully refused to pursue the Hindutva angle preferring to engage in a communal witch hunt—or as in the case of the Nanded blast in 2006—where the evidence was so glaring as to be unimpeachable—weakening the prosecution.

In the name of national security, courts condoned torture, and the framing of innocent Muslims became routine. A pliant media reported uncritically about "encounter specialists" and police shootings of alleged terrorists in gangland style. The term "encounter specialists," which has no legal validity, has seeped into our language, surely an indication that it had acquired a life of its own. In legal parlance, encounter killings are shootouts or crossfire, but in reality are executions by police or security agencies. First used against Maoists in

> **As the Indian state slouches towards a national security framework, entire sections of its population are pushed out of the ambit of civil rights and marked out as suspects.**

the 1970s, and against counterinsurgents in the Northeast and Kashmir, executions as implicit state policy were perfected in dealing with Sikh militant groups in the 1980s and 1990s.

The "Punjab solution," as it came to be known, became the model for the internal security establishment. Mum-

bai's underworld was reined in through a series of high-profile encounter killings—much celebrated in the popular media for imposing order into the urban anarchy that the gang wars were breeding. Indeed, this became the preferred and quick-fix method of dealing with a range of "undesirables," from petty criminals to gangsters, to alleged terrorists and separatists. More often than not though, those lumped together as "encounterables" were simultaneously marked out through their caste, ethnic, and religious affiliations.

BATLA HOUSE "ENCOUNTER"

There is no better illustration of the absolute communalization and increasing accommodation of extra-legal violence in India's "war on terror" than the Batla House encounter. On September 13, 2008, serial blasts rocked Delhi killing about 20 people and injuring scores of others. Less than a week after the blasts, a party of the Delhi Police Special Cell raided an apartment in the Muslim-dominated locality of Batla House. Two young men, Atif Amin and Md. Sajid, were shot dead and an inspector of the Delhi Police also lost his life. On the evening of the "encounter," the police announced that the slain young men were key operatives of an Islamic terrorist group, called the Indian Mujahideen, and that with the encounter, the Delhi Police had cracked the conspiracy behind not only the Delhi blasts, but also several blasts that had rocked the country in 2007–8.

What followed was a pernicious media circus of gigantic proportions. Azamgarh, from where the two slain youth hailed, was dubbed instantly the "epicentre of terror," and Jamia Millia Islamia, the University abutting the Batla House locality and where Atif was enrolled as a student was labelled a "nursery of terror." In the aftermath of the death of Inspector Sharma, few in the press were willing to question the police version—to raise questions was

Truth telling: Techniques in a regime of terror

NARCO ANALYSIS, BRAIN MAPPING, AND POLYGRAPH WITHOUT INFORMED CONSENT

In recent years, the peculiar nature of the Indian state's violence in custodial contexts has emerged even more starkly: so-called scientific techniques of investigation introduced ostensibly to replace the physical third degree actually manage to coexist quite compatibly with that technique. In 2008, a report noted that 16,836 custodial deaths took place in India between 1994–2008, an average of 1,203 persons per year, many of them a result of torture in police and/or jail custody (*Torture in India: A State of Denial*, Asian Center for Human Rights, June 2008). In the same year, Arun Ferreira, an alleged Maoist activist, wrote a note from the Central Jail, Nagpur about his experiences of the so-called scientific techniques: narco analysis, brain mapping, and polygraph, to underscore the violation of his constitutional rights (Ferreira, "My Tryst with Narco Analysis," May 7, 2010, www.countercurrents.org/ferreira070510.htm).

The Indian criminal justice system has increasingly used lie detectors, brain scans, and narco analysis in a range of cases often without the consent of the accused. In a context where physical and mental torture is normalized despite a strong formal regime of laws and powerful judicial pronouncements, these new techniques are indicative both of a liberal state's desire to modernize as well as a marker of its specifically post-colonial nature. These techniques represent the Indian state's attempt to modernize even while holding on to the old regime of terror represented by impunity toward custodial deaths and torture.

OLD AND NEW FORMS OF TORTURE COMPARED

However, the state's attempt to portray these forms of "scientific investigation" as a preferred mode, when compared with the existing physical third degree, masks the violence of these new tech-

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> The Indian criminal justice system has increasingly used lie detectors, brain scans, and narco analysis in a range of cases often without the consent of the accused.

niques and makes them a peculiarly resistant strain. Because these techniques are presented as "scientific," medicalized procedures, launched to modernize India's police force, they are extended less scrutiny for the violence they themselves may contain. The Indian Supreme Court's landmark intervention to strike down the involuntary use of these techniques falls short of addressing this complexity and the context of the "regime of terror" in which these techniques function.

Polygraphs (or lie detectors) note the physiological changes in the body such as heart rate, blood pressure, breathing, and sweat patterns in response to certain questions. Brain mapping, or the P300 test, a more sophisticated lie detector, records the differences in the responses to the neutral words (no link to the crime), the probe words (readily available information about the crime), and the target (based on confidential information) in the form of electrical responses with an electroencephalo-

gram (EEG) or functional magnetic resonance imaging (FMRI). The aim is to detect whether a specific brain wave called "the 300" involuntarily spikes up when confidential information is spoken (Amar Jesani and PUDR, *Twenty Second Dr. Ramanadham Memorial Lecture* (Delhi: People's Union for Democratic Rights, 2008)).

TRUTH SERUM EXPERIMENTS

In narco analysis, the most controversial technique, medical professionals use sodium pentothal to put a person in a trance so that certain questions can be asked to discover the "truth"; hence the common reference to a truth serum. Sodium pentothal is supposed to work by prohibiting the transmission of gamma amino butyric acid (GAABA) in the upper or cortical part of the brain that allows one to lie and enables a well-trained psychologist to ask certain questions and get "truthful" answers. These three methods have been used to aid criminal investigations to collect evidence and the results of brain mapping have been used to convict in at least one instance (Giridhardas, "India's Novel Use of Brain Scans in Courts Is Debated," *New York Times*, September 15, 2008).

The High Courts of many Indian states mostly upheld the constitutionality of these techniques in relation to the right against self-incrimination (article 20(3) of the Indian Constitution). The courts argued that the consent for these techniques need not be ensured under the Constitution because they were a natural part of the investigation; were better than the third degree being currently used in many police stations; and also justified the use of these techniques as necessary for the good of society (*Ramchandra Ram Reddy v. State of Maharashtra*, 2004; *Smt. Selvi and Ors. v. State of Koramangala Police Station*, 2004; *State of Andhra Pradesh v. Smt. Inapuri Padma and Ors.*, June 2008).

SUPREME COURTS LANDMARK AND FLAWED DECISION

In May 2010, in a landmark decision, the Supreme Court of India declared the involuntary use of these techniques as both a violation of article 20(3)—right against self-incrimination—as well as of "substantial due process" under article 21. The Court said: "the compulsory administration of the impugned techniques violates the 'right against self incrimination, ... and amount to cruel, inhuman or degrading treatment'" (*Smt. Selvi & Others v. State of Karnataka*, 2010). However, the Supreme Court in striking down the involuntary use of these techniques has made an important but inadequate intervention. First, the Court has not struck down these techniques themselves. The Court writes, "we do leave room for the voluntary administration of the impugned techniques in the context of criminal justice, provided that certain safeguards are in place."

Second, even though the Court rejected admissibility of even the consent-based test results as evidence in a criminal case, it did allow for admitting "information or material that is subsequently discovered with the help of voluntarily administered test results" based on section 27 of the *Indian Evidence Act*; a section that has been a source of earlier abuse (*Smt. Selvi & Others v. State of Karnataka*, 2010). Finally, the Court did not clarify the role of medical professionals in the investigations. While stating clearly that these techniques could not be allowed under section 53 of the *Criminal Procedure Code* that permits the use of some force during medical investigations, the Court does not go beyond that critique. This limitation is especially significant because the High Courts repeatedly

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> [T]he state's attempt to portray these forms of "scientific investigation" as a preferred mode, … masks the violence of these new techniques.

referred to the safety of these techniques as being linked to the presence of medical personnel (Jesani, "Editorial" (July-September 2010), vol. 7, no. 3 *Indian Journal of Medical Ethics*).

GAINING CONSENT Á LA THIRD DEGREE

Arun Ferreira's note on these techniques makes the difficulty in ensuring meaningful consent, emphasized by the Supreme Court in its decision, particularly visible. Ferreira was picked up in May 2008 under the *Unlawful Activities Prevention Act* (UAPA) as a suspected Maoist activist. These techniques were used on him in two locations: Mumbai and Bangalore. His experience is a reminder that not only do physical third degree and other forms of excessive violence continue in cases where scientific techniques may not be used; they may also actually complement these techniques in certain cases.

For example, Ferreira writes about how in the course of prolonging the trance like situation in narco analysis, the doctor would physically beat the suspects to stop them from becoming unconscious. As Ferreira puts it, "Dr. Malini regularly scolded, slapped, and physically tortured the subject to jerk them out of the troughs" ("My Tryst with Narco Analysis," 4). The difficulties in following safeguards are further illustrated in the way consent was gained in Ferreira's case in 2008. From procuring a manufactured letter of consent (in

Mumbai), a court order dictating consent (in Bangalore) to consent resulting from a threat of assumption of guilt, all suggest that voluntariness is difficult to ascertain in practice.

CRUEL AND DEGRADING TREATMENT

Undoubtedly, the complete disregard for consent was a major source of concern for the human rights groups and scholars before the Supreme Court decision, but the overemphasis of the Court on consent seems a little arbitrary considering that these techniques are being used in custodial situations and have particularly less meaning for the marginalized sections of society. Further, the opinion states, "It is also quite evident that all the three impugned techniques can be described as methods of interrogation which impair the test subject's 'capacity of decision or judgment'" (*Smt. Selvi & Others v. State of Karnataka*, 2010). Yet the justices restrict themselves to saying, "going by the language of these principles, we hold that the *compulsory* administration of the impugned techniques constitutes 'cruel, inhuman or degrading treatment' in the context of article 21" (*Smt. Selvi & Others v. State of Karnataka*, 2010). Thus, the Court fails to go the additional step of striking down the impulse behind these techniques altogether, focusing primarily on their involuntary use.

RELIANCE ON TRUTH TELLING

In India, the turn toward these techniques is particularly significant in light of its attempt to represent itself as not only a growing economic power but also one with strong legal and constitutional traditions defining its democratic nature. There has been much criticism of the Indian state's consistent refusal (and delay) to ratify the UN Convention against Torture though an anti-torture bill is currently in process. Considering the high levels of custodial torture and deaths in the Indian context, the Indian state cannot deny the numbers; the

"truth telling" techniques are encouraged as a step forward toward replacing the traditionally brutal third degree. However, the reality is that the techniques are actually compatibly coexisting with a "regime of terror."

As noted earlier, the "regime of terror" in India is characterized by custodial torture in routine interrogations, but in addition includes extra judicial killings of mafia, militants, and activists, and undemocratic extraordinary laws such as *Terrorism and Disruptive Activities (Prevention) Act* (TADA), and *Prevention of Terrorism Act* (POTA) in the past, and UAPA today. In such a context, disallowing only the involuntary use of these "scientific" techniques becomes even more inadequate because they appear as benign merely being used to gain efficiency in criminal investigations. This is the case despite the fact that both the reliability of and safety in using these techniques is highly suspect.

EXTRAORDINARY LAWS AND STATE VIOLENCE

The Supreme Court has presently ruled out the possibility of involuntarily using these techniques even against "suspected terrorists" basically stating that

> There has been much criticism of the Indian state's consistent refusal (and delay) to ratify the UN Convention against Torture

"compelling state interest" could only be a legislative decision, not a judicial one (*Smt. Selvi & Others v. State of Karnataka*, 2010). This is reminiscent of other extraordinary laws such as POTA and TADA, which were also introduced by Parliament and upheld by the Indian Supreme Court in the past. Thus, it is important to note that the Court did not strike down the techniques by themselves despite their inherently coercive nature. Therefore, it is too soon to evaluate whether the Court will reject them if a law is actually introduced. This is because, in any case, terror suspects are subject to more stringent laws that dilute

the protections against torture. They are subject to other due-process violations and volition is even less visible.

Furthermore, in many of these investigations, the premise is often to use information for intelligence purposes not as evidence, and section 27 would be particularly open to abuse in such contexts. Or else, the evidence could be creatively used in gaining information in extraordinary cases but used to convict in routine cases—a phenomenon Ujjwal Singh calls "the interlocking of the ordinary and extraordinary" (Singh, "State and Emerging Interlocking Legal Systems" (2004), vol. 39 *Economic and Political Weekly*, 149-154). This may explain the particularly egregious way in which these techniques were applied to Ferreira, though it is important to note in his narrative that this was commonly the case.

Thus, the Indian state's relationship to violence is reflected in both these realities: a continued inability to contain high rates of custodial torture (and deaths) and the introduction of "scientific techniques" ostensibly to replace the former without recognizing the compatibility between the two and the possibilities of violence within the new techniques themselves. ❦

The Muslim minority at risk

tantamount to dishonouring the death of a brave police officer.

SUBVERSION OF DEMOCRACY

Indeed, every single institution of Indian democracy was subverted and sacrificed at the altar of national security. The National Human Rights Commission (NHRC) watched on helplessly as the police ignored its guidelines on encounter killings—namely, that a First Information Report (FIR) is registered against a police party who conducts the encounter and that a magisterial inquiry is held. Then, when asked to conduct its own inquiry, the NHRC chose to rely on the statements of four senior police officers of the Delhi Police to proclaim their innocence. The Supreme Court ruled out

any further investigation preferring to uphold the morale of the police force, which apparently would flag if the police were caught killing innocents, rather than seeking the truth. For almost two years, dozens of RTIs seeking the post-mortem reports of the three killed were rejected on spurious grounds with the argument that release of this information would impede investigations!

When the post-mortem reports were finally released, perhaps mistakenly by the NHRC, it came to light that the two youth killed had suffered non-firearm injuries, hinting at torture—but even more startling was the revelation that they had only sustained gunshots in their back region—an obvious impossibility if one were to believe the police story of

exchange of fire. The gunshot wounds suggested that they had been shot in the back from very close range, with the younger Sajid probably made to crouch when the bullets were emptied into his head.

The Delhi Police will, however, not be held accountable in any court of law. Despite severe pressure from human rights and Muslim groups, the government refused to order an inquiry, especially after the clean chit, helpfully handed out by the NHRC. As the Indian state slouches toward a national security framework, entire sections of its population are pushed out of the ambit of civil rights and marked as suspects. In this netherworld of counter terrorism, guilt is established rather easily. ❦

Separatist movements and regional conflicts: The battle for sustainable growth

INDIA'S RAPID RISE

India's rise in the past decade has come about because of its government carrying out economic reforms, opening up its economy to the outside world, and by giving priority in its international relations to the achievements of its economic objectives. Thus, during this period, its imaginative private sector succeeded in taking advantage of globalization. At the same time, India's business leaders, scientists, and engineers have made rapid advances, particularly in the fields of information and biotechnology, innovation, and entrepreneurship.

However, for India to continue its rapid rise, it will have to overcome formidable internal challenges such as the slow pace of progress in making growth inclusive and issues of governance—particularly those related to rampant corruption, terrorism, and rising violence. Other obstacles in the way of India's continued rise are its half-finished economic reforms, inadequate access for a large majority of people to education and health care, gender inequity, and problems related to urbanization, environment, and infrastructure. On the external front, problems hampering its rise are its troubled immediate neighborhood, slow progress in regional cooperation, unresolved contentious issues with Pakistan, and vulnerability to global problems such as climate change, food, and energy security.

INCLUSIVE GROWTH AND POVERTY ALLEVIATION

So far, India has not succeeded fully in realizing the higher ideals associated with democracy and has not met the bare minimum expectations particularly of the urban poor and the deprived rural population. Decline in the availability of public health care and the poor quality

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> ## [F]or India to continue its rapid rise, it will have to overcome formidable internal challenges.

of public education for a large number of people are serious issues.

GOVERNANCE ISSUES

Corruption is a real problem though an overrated factor. The scale of it today seems monumental, and it does need to be controlled. However, the current exclusive focus on corruption will prove to be a mistake.

Abysmal human development is a more serious obstacle in the way of India's continued rise. Lack of availability of food, water, housing, electricity, fuel, affordable and safe public transport, basic health amenities, and banking facilities have led to the vast majority of Indians living in squalor and in much worse conditions than others are in the

most deprived parts of the developing world.

The nexus of caste and ritual status has weakened but will remain in the near future. In politics, caste members are now forming themselves into larger horizontal groups with the result that leaders of the lower castes are now in a position to influence the decision-making process.

The poor law and order and internal security situation is mainly a result of lack of judicial and police reforms, feelings of alienation, and loss of entitlements. The shortage of labour in managing security and the lack of capacity of training institutions/establishments are important challenges that demand the serious attention of the Indian state. Managing turbulence in Indian society will remain an important task because about half of the population is below the age of 25 and willing to take on the low risks associated with a profession like crime. Speeding up the judicial process is another important challenge for Indian democracy.

Separatist movements among the ethnic, linguistic, and religious minorities in India generally arise as a result of feelings of discrimination and threats to their identities. This discrimination leads to alienation and at times, they resort to violent means. The militants/insurgents in the northeastern region have largely given up insurgencies because of the combination of military action against them and the welfare programs and negotiations initiated by the Indian government.

The Naxalite movement has now spread to seven states of India in districts numbering around 250. The Indian state has drawn a distinction between terrorists who indulge in the indiscriminate acts of killing innocent civilians and other kinds of militants, such as Nax-

alites, who are involved in the political assertion of what they consider their rights. The Indian authorities are willing to explore the possibility of entering into meaningful negotiations with them but have met with little success so for. Rural development schemes such as the *Mahatma Gandhi Rural Employment Guarantee Act* (MNREGA), started by the Indian government in Naxalite-affected areas received an encouraging response from the people and has performed much better there than in the rest of country.

There is also the *problem of people with multiple identities* living in border areas. The resolution of their problems requires innovative approaches in the context of appropriate border policy and management practices that take into account their interests and requirements. This is particularly true for the northeastern region, which has only a few kilometres of borders with the rest of India and more than a thousand kilometres of borders with foreign countries.

TROUBLED NEIGHBOURHOOD

Military conflicts between India and some of its neighbours, the trust deficit, and the lack of sufficient people-to-people contacts are factors hampering all-round cooperation that is in the interests of both India and its neighbours. Lack of proper intraregional and interregional connectivity constitutes serious impediments not only for India's continued rise but also for its connectivity to rest of the world. Border trade and border management policies have neither kept pace with the rising demands of people living in the neighbouring regions nor for facilitating optimal economic cooperation between India and its immediate and extended neighbourhood.

GLOBAL ASPIRATIONS AND TROUBLED TIMES

Of late, India's "look east" policy and active diplomacy in developing closer relations with central and west Asian countries as well as with African countries have yielded good dividends. Its participation in groupings of the G8 and

> **India's "look east" policy and active diplomacy in developing closer relations with Central and West Asian countries as well as with African countries have yielded good dividends.**

G20, and its active role in BRIC (Brazil, Russia, India, China), IBSA (India, Brazil, South Africa), and the East Asian Summit (EAS) is recognition of the reality of India's rise and also of its global aspirations. At the same time, the combination of India's dramatic economic growth and emerging geopolitical situation is creating an overall favourable external climate for its continued rise.

AGENDA FOR RISING INDIA

Multipronged and joint approaches are needed that encompass economic policies, including galvanizing India's second green revolution for agricultural development, affirmative action, and strengthening the role of technology, innovation, and entrepreneurship for societal transformation. In addition, the involvement of the private sector, civil society, and NGOs are *sine qua non* for India's development as well as for its growing leadership role in the world.

First, in this context, India needs to give priority in its economic policies to ensuring inclusive growth and social development and to carrying out more economic reforms.

Second, there is a pressing need for the improvement of governance in general and especially as it relates to the border states.

Third, India must strengthen its science and technology base, encourage a culture of entrepreneurship, *indovation* (innovation in Indian context), peace, and rule of law.

Fourth, it needs to undertake even, unilateral measures and devise innovative policies for the strengthening of regional cooperation. These measures should be supplemented by the organization of regional political consultations with other countries of South Asia on international and security issues.

Fifth, it needs to work proactively with other countries concerned about interregional and pan-Asian cooperation.

Sixth, India should devote more attention to strengthening its bilateral relations with countries like Canada and Australia, which are rich in resources, good destinations for Indian students for higher education, and can be important partners in innovation, science, and technology. At the same time, it should continue its present focus on strengthening its relations with the United States, other BRIC and ISBA members, the European Union, members of ASEAN, the East Asian Summit, and Organization of African Unity (OAU).

Seventh, within the framework of the G8 and G20, India should work for innovative approaches to global issues such as climate change, food and energy security, promotion of democracy, and strengthening of development cooperation.

Eighth, India should encourage and support the engagement of the Indian diaspora living in G8 countries and other important countries for building comprehensive partnerships between them and India.

THE NEW CONSENSUS

India's internal problems and its troubled, immediate neighbourhood are formidable obstacles to its continued rise. However, the global environment, per se, is likely to be helpful in this respect. Despite several obstacles, there are a number of reasons to be optimistic about India's continued rise. Fixed

The politics of development: Uttar Pradesh's pivotal role

Situated in the north of India, Uttar Pradesh (UP) occupies a special place in India's democracy. Being one of the biggest states in the country, UP sends the largest number of elected representatives to the lower house of the Indian Parliament. Seven Prime Ministers of India were elected from this state. Most people in the state belong to Hindu and Muslim religions, with smaller sections of Sikhs and Christians. It has all major caste groups—Dalits, OBCs (Other Backward Classes), and high castes.

DEEPENING OF DEMOCRACY

Since the 1990s, democracy has deepened in UP. Dalits, a group of previously untouchable low castes, have come to occupy a leading role in the politics of the state. They not only have a party—the Bahujan Samaj Party (BSP), or the party of the majority, whose policies are inspired by the saints, philosophers, social reformers born in the low castes, especially Dr. B.R. Ambedkar and Jyotiba Phule—and in Mayawati, they also have a party leader from their community.

As a BSP leader, Mayawati has been chief minister of UP in 4 governments out of 11 since 1989, and she continues to rule. It is important to underscore that the rise of Dalits in UP has not been sudden. The rise is the culmination of a social and cultural process, which started as far back as the late 1950s. Denoting the impact of ideas and life of Dr. B.R. Ambedkar, the architect of the Indian Constitution, this process can be termed *Ambedkarisation*. The Ambedkarisation process is indicative of the social transformation and the empowerment of Dalits. Actually, the rise of Dalits in UP politics has taken place along with the rise of another group of subaltern castes—the Other Backward Classes (OBCs). However, the OBCs, despite intermittent setbacks, began to occupy dominant positions earlier than the Dalits, from the late 1960s until the 1980s.

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Since the 1990s, the Dalits have become the dominant force in UP politics.

THE PARADOX

The deepening of democracy in UP, however, is not matched by a similar level of progress on the development front. UP is one of the five BIMARU states (an acronym for the most backward states) of India. There are regional variations in the level of development of the four regions into which the UP has been officially divided—western, central, eastern, and Bundelkhand. On the one hand, there is prosperous western UP, which along with neighbouring states of Haryana and Punjab witnessed a green revolution in the 1960s, which contributed to making the country self-sufficient in food production. On the other hand, it consists of some of the most economically and socially disadvantaged districts of the country located in the central, eastern, and Bundelkhand regions. Despite regional variations in the levels of development, the expansion of democracy to more sections of the society including the Dalits has taken place across the regions. The rise of Dalits in

UP has been accompanied by economic reforms however the state continues to suffer from a fiscal crisis and economic stagnation. Generally, its growth rate per annum has been half that of the national average.

EMERGENCE OF AN INFORMAL ECONOMY AS AN ALTERNATIVE TO TRADITIONAL EMPLOYMENT

The economy of UP has been largely agrarian, with more than 60 percent of the population depending on agriculture to varying degrees. However, the agricultural sector in India is going through a phase of crisis, and UP is not insulated from this crisis. The number of farmer suicides is large, especially in Bundelkhand; farmers' agitations in western UP; and the migration of people particularly from the eastern, central, and Bundelkhand regions to metropolitan cities like Delhi, Mumbai, Kolkata and to the more prosperous states of Punjab and Haryana are indicative of the crisis. Indeed, the informal economy that has emerged as a parallel source of employment could be more accurately classified as "disguised unemployment" and "underemployment." This trend is not confined to the poorest regions of the state. Even in the most prosperous region of western UP, like in Punjab and Haryana, an informalization of occupations has occurred in the post-green revolution period.

Every morning one can witness this scene in Delhi and other cities of north India. Large numbers of poorly clad people, including migrants from UP, gather at specific locations known as "informal labour markets." Here they look for someone to buy their labour power in return for any kind of manual job—plumbing, making/repairing houses, repairing broken items, packing, transporting items from one place to another, street/pavement venders, pavement tailors, *riksha*-pullers, taxi drivers,

or any other kind of wage labour. The mainly urban, upper-middle-class people who need their services bargain, usually on their terms and conditions, with the informal labourers. Some at the informal labour market get work, while others do not. These people do not perform a specific job in a specific sector; they perform whatever assignment they get.

POLITICS OF MIGRATION

Migration from UP has been a burning political issue both in UP and in the places to which people have immigrated. Although the migrants from the central, eastern, and Bundelkhand regions of UP, along with those from Bihar, have long been targets of political games in several parts of India, during the past five years, they have been subjected to violence and humiliation in Mumbai, the capital city of Maharashtra state. The Maharashtra Navnirman Sena (MNS), a political party, headed by Raj Thakre, a splinter group of Shiv Sena, accused the migrants from UP and Bihar of having usurped the economic opportunities of the natives of Maharashtra. The MNS launched a violent broadside against the migrants, which evoked sharp reaction in eastern UP and Bihar. A group of politicians from UP attributed the migration from their region to Mumbai to the lack of opportunities in their home state. They contended that their region remains disadvantaged because of the discriminatory policies of central and state govern-

> [T]he informal economy that has emerged as a parallel source of employment could be more accurately classified as "disguised unemployment" and "underemployment."

ments, and that the solution to this lies in providing overall development for the region. However, such development requires that the region become a state.

DEVELOPMENT DILEMMA

While migration is an issue of concern, the mainstream political parties have not put forward viable policy initiatives. Nevertheless, development or underdevelopment is an issue for those leaders demanding the creation of separate (regional/subnational) states for three major regions of UP: western UP, eastern UP, and Bundelkhand.

There is a development dilemma in the state; development in UP, as in several Indian states, has become embroiled in competitive politics. In the political process, development has been relegated to the background. An insightful example of this can be seen in the politics of land acquisition for the development of roads and residences. Any move, whether by the government or the private sector, to introduce development policies provokes opposing reactions informed by electoral and populist considerations.

So the development dilemma in UP remains unresolved. All traditional occupational sectors—agriculture, service, traditional handicrafts—defined by the traditional *jajmani* (patron–client) system either have become unattractive or have collapsed. This has occurred along with the erosion of the traditional caste hierarchy. The result is an increase in workers in the informal economy and increased long- or short-distance migration.

What might the alternatives be— heavy industries, cottage industries, or service sector as a part of development model in the state? Three legacies, Dr. B.R. Ambedkar's, Chaudhari Charan Singh's (ex-prime minister of India, a source of inspiration for the OBCs and peasantry), and Dr. Ram Manohar Lohia's (the social leader and an ideologue of the OBCs), which have inspired social engineering in UP, have more differences than similarities. The competitive politics and populism, which their followers and others engage in, pushes the development agenda in the state to the background. 🍁

Separatist movements

investments have increased as high as 35 percent in recent years. India's labour force is likely to increase annually by 1.7 percent for the next 30 years. On the other hand, demand for labour in several countries will go up because of a decline in their birth rates. This will provide opportunities for Indian skilled workers and professionals to work abroad and encourage brain gain from which India too will benefit greatly.

India's middle class, which is a strong force for sustained growth, is likely to increase from a current 10 percent of the population to 90 percent of the population by 2039.

Continuity and change will condition the dynamics of India's rise. High growth rates are by no means preordained; but the next decades will surely witness the gradual rise of democratic India to the top of the pyramid. Devising much-needed technological innovations, and developing consensus concerning the right ideas for economic reforms, policies, and development programs will help in the realization of this immense promise. 🍁

Does India need smaller states?

The Indian "model" of federalism has several marked differences from the classical federal models one finds in countries like the United States, Canada, and Australia. One notable difference has been the unilateral power of the union Parliament to reorganize the political structure of the country by forming new states and to alter the areas, boundaries, or names of existing sates. Despite having the constitutional power, overwhelming concern for nation-building and economic reconstruction based on the development planning model, initially dissuaded the national leadership from conceding to demands for the creation of smaller regional states. Even states formed based on language, an accepted basis of the formation of independent nation-states in 19th century Europe. Only after India witnessed popular unrest, were linguistic states created in the late 1950s and '60s, and this process remained incomplete. During the next three decades, only some of the centrally administered union territories were upgraded to full-fledged states while longstanding demands for the smaller states like Vidarbha, Saurashtra, Telangana, and Jharkhand remained in limbo.

DEMANDS FOR SMALLER STATES

The advent of the new millennium saw the creation of three new states—Chhattisgarh, Uttarakhand (originally named Uttaranchal), and Jharkhand, carved out from the parent states of Madhya Pradesh, Uttar Pradesh, and Bihar. More recently, India has witnessed a renewed assertion from historically constituted regions for the creation of smaller states. This has been accompanied by a discernable shift in federal thinking.

Significantly, some of these regions have enormous populations comparable to countries of the global north in terms of territory and population. The regions include Telangana in Andhra Pradesh; Gorkhaland and Kamtapur in West Bengal; Coorg in Karnataka; Mithilanchal in

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Bihar; Saurashtra in Gujarat; Vidarbha in Maharashtra; Harit Pradesh, Purvanchal, Braj Pradesh, and Awadh Pradesh in Uttar Pradesh; Maru Pradesh in Rajasthan; Bhojpur comprising areas of eastern Uttar Pradesh, Bihar, and Chhattisgarh; Bundelkhand comprising areas of Uttar Pradesh and Madhya Pradesh; and a greater Cooch Behar state carved out of parts of Assam and West Bengal.

MAKING SENSE OF THE ASSERTION OF REGIONS

This renewed demand for smaller states can be attributed to three factors. First, electoral politics in the "post-Congress polity" has been marked by the politicization and mobilization of social cleavages along territorially confined lines of caste, religion, and region by state-level "ethnic" parties. Symptomatic of the federalization of the party system, even the "national" parties with distinct regional characters increasingly adhere to region-specific electoral campaigns and policies.

Second, centralized federalism under the shadow of the development-planning model failed to achieve its avowed aim of bringing about equitable development across and within the regional states.

The subsequent transition to a neo-liberal market economy model based on competitive federalism (replacing cooperative federalism) has further accentuated regional inequalities in terms of income and consumption begetting the perception of neglect and discrimination in the peripheral regions. Relatively developed regions within the larger states have invariably benefited more from the flow of private investment as compared with the regions on the periphery with disturbed law and order situations and poor economic and social infrastructure (see, for example, Telangana in Andhra Pradesh or Vidarbha and Marathwada in Maharashtra).

Third, India has also been witness to what may be called the "secession of the rich" as regions attracting huge private investments and registering impressive growth, have started resenting the dependence of relatively underdeveloped regions on the revenues transferred to them (for example, Harit Pradesh in Uttar Pradesh). Local elites complain of "reverse" discrimination as other politically dominant regions manage to corner financial deals/grants/lucrative portfolios. In response, they want statehood with the full powers that that designation entails.

SHIFT IN INDIA'S FEDERAL IDEOLOGY

Three developments mark the shift in India's federal ideology. First, regional identity, culture, and geographical differences now appear to be better recognized as valid bases for administrative division and political representation as democracy deepens and widens.

Second, smaller states are being proposed on the grounds of good governance and development rather than merely on the linguistic or cultural principle was the case of the first two phases of reorganization.

Third, recently even dialect communities have been asking for their own "territorial homeland" while underlining

the cultural and literary distinctiveness and richness of the dialect (e.g., Bundelkhand).

ARGUMENTS IN FAVOUR OF SMALLER STATES

Does India need smaller states? Let us consider the following three arguments in favour of that assertion. First, the argument that "small is beautiful" does find resonance in the developmental experiences of the newly created, smaller states. Factual analysis shows the development and efficiency argument does work in favour of the new states when compared with the parent states. During the 10th Five-Year Plan period, Chhattisgarh averaged 9.2 percent growth annually compared with 4.3 percent by Madhya Pradesh; Jharkhand averaged 11.1 percent annually compared with 4.7 percent by Bihar; and Uttarakhand achieved 8.8 percent growth annually compared with 4.6 percent by Uttar Pradesh. Arguably, getting "a territory of their own" unleashes the untapped/suppressed growth potentials of the hitherto peripheral regions.

Second, comparatively smaller but compact geographical entities tend to ensure that there is better democratic governance, because there is greater awareness among the policy-makers about local needs. Smaller spatial units having linguistic compatibility and cultural homogeneity also allow for better management, implementation, and allocation of public resources in provisioning basic social and economic infrastructure services. A relatively homogeneous smaller state allows for easy communicability, enabling marginal social groups to articulate and raise their voices.

Third, smaller states provide gains for the electorates in terms of better representation of their preferences in the composition of the government. In a patronage-based democracy as in India, the amount of the transfer of state resources/largesse a constituency/region gets depends crucially on whether the local representative belongs to the ruling party. Understanding this electoral logic of patronage distribution, the elec-

torates of a smaller region have a propensity to elect representatives with preferences more closely aligned to those of the bigger region within the state. Such a motive, however, would no longer operate once the region constitutes a separate state.

ARGUMENTS AGAINST SMALLER STATES

One also needs to address and negate some of the oft-repeated apprehensions raised against creating smaller states.

First, reminiscent of "partition anxiety," many fear the rise of regional and linguistic fanaticism as threats to national unity and integrity. A global surge in ethno-nationalist conflicts serves to rekindle these fears. No region has ever experienced a secessionist movement after being reorganized as a separate state except for a brief time in Punjab.

Second, many believe that bigger states ensure cohesion and stability; however, there are myriad forms of political violence going on unabated in the big states (e.g., Uttar Pradesh, Andhra Pradesh, and West Bengal). In these cases, violent movements are expressions of a demand for recognition, justice and autonomy; relatively homogeneous smaller states would always be better poised to provide a wider range of policies in response to local conditions.

Third, smaller states (like mineral-rich Chhattisgarh and Jharkhand) are often viewed as being much more vulnerable to the pressures of the corporations and multinationals as a result of their small-scale economies and the greed of the newly emergent regional elite. Now, if this is so, then what explains the presence of coal mafias and land sharks in the bigger states like Andhra Pradesh and Karnataka? Corruption or political wheeling and dealing in high places is not confined to the smaller states as any discernable observer of Indian states would be able to see.

Fourth, political expediency and opportunism rather than the objective evaluation of democratic and developmental potential are said to be involved in the making of new states. Even if this

was present in some instances, it is not the norm. Certain principles have always been adhered to without exception with the establishment of states in the past. The demand for a new state: (1) is not to be communal or secessionist in nature; (2) should have popular support and enjoy a broad consensus; (3) should be agreed on by the parent state, and (4) aims at the creation of socially and economically viable state.

THE WAY OUT

The federal polity of India does need to accommodate the ongoing demands for smaller states. In most regions, even if the local, urban entrepreneurial/middle classes (with a hidden class agenda in some cases) lead the demands, these demands represent the democratic aspirations of the hitherto politically dormant, neglected, and discriminated masses from the peripheral regions.

For democratically negotiating such demands, a second state reorganization commission must be constituted by the centre. The commission must have the quasi-judicial power to ascertain a set of objective and coherent criteria (not lopsided political considerations) that can be uniformly applied, as in the case of the state reorganization commission established in 1953. It could be a constitutional body to oversee transparency of the consultation process.

SUMMING UP

Federalism as an idea and a process enriches democracy in a multinational/cultural country like India, as it tends to promote democratic values and temperament by recognizing, accommodating, and protecting diverse regional identities and rights. The creation of smaller states will contribute to the federal agenda of enhancing democratic development based on decentralized governance and greater autonomy for units. 🍁
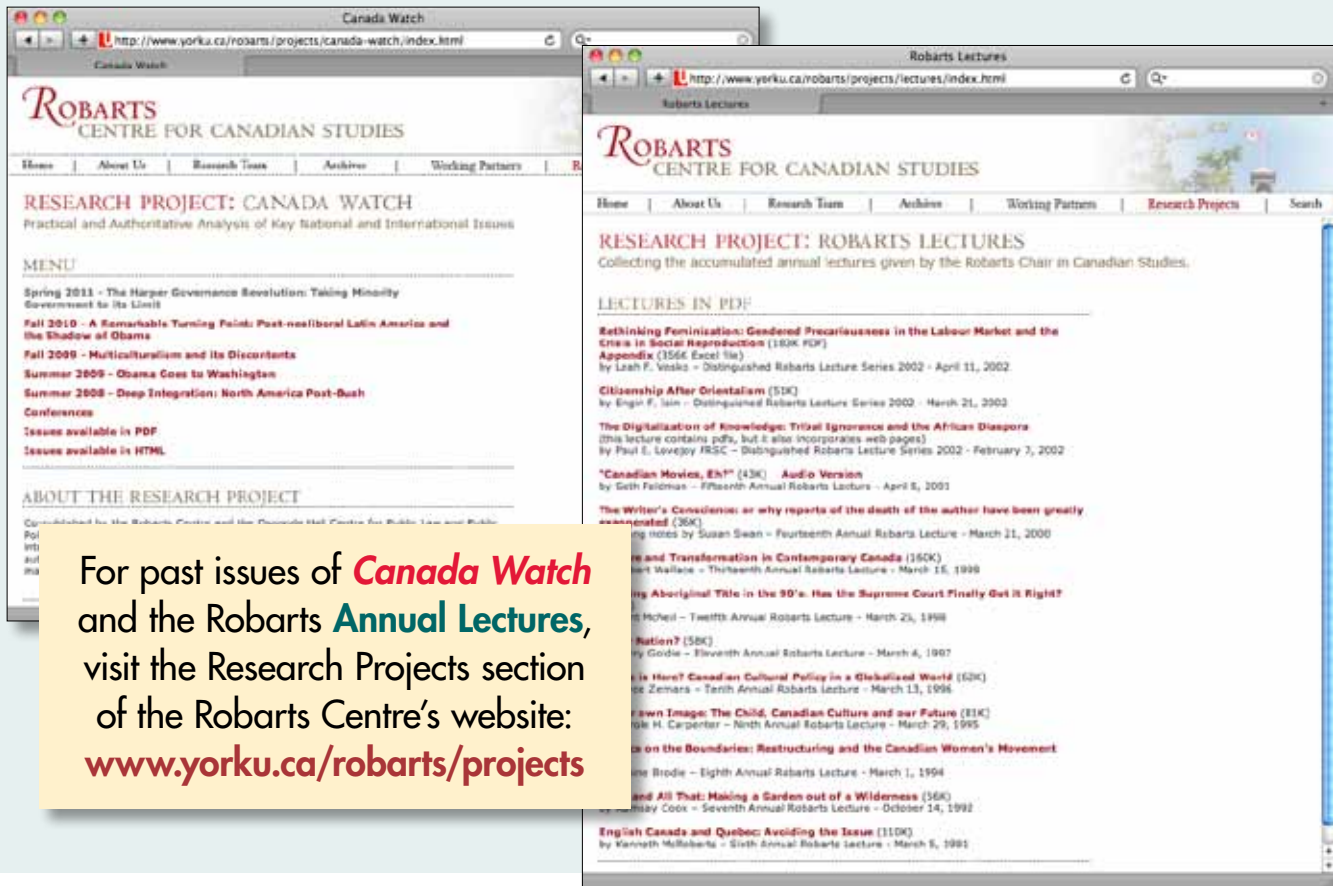
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