
UNIT 1 STRUGGLE FOR INDEPENDENCE AND NATIONALISM IN SOUTH ASIA

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1.0 OBJECTIVES

This unit seeks to acquaint you with the idea of nation and nationalism in South Asia and the struggle for independence from colonial rule launched in different countries of the region. After going through this unit, you should be able to:

- Explain the rise of national consciousness in different countries of South Asia;
- Describe the issues involved in the freedom movement; and
- Identify the different strategies for liberation adopted in the region.

1.1 INTRODUCTION

South Asia has a continuous history of seven thousand years. It has a composite culture developed through a historical process wherein the emphasis has been on unity in diversity. South Asia has been the victim of repeated foreign aggression. The richness of the region perhaps attracted the aggressors from far and wide. In the successive waves of invasions since the ancient times, the Aryans, the Greeks, the Shakas, the Huns, the Turko-Afgans, the Mughals and others came to the region. In the modern period, the Europeans viz. Portuguese, Dutch, French and the British came to South Asia, though it was the British who finally established their hold in the region. The British invasion was qualitatively different from the earlier ones. Whereas the earlier invaders came, settled down here and got completely assimilated with the indigenous people, the British integrated the region into their empire and ruled it from London. The region was linked with the industrially advanced international market in order to exploit its natural resources. South Asian economy and society became subordinated to the imperialist political economy and social development. The region was transformed into a market for the British machine made goods, a source of raw material and foodstuffs, and an important field of capital investment. The entire structure of economic relations between Europe and the South Asia involving trade, finance and technology continuously developed the colonial dependence and underdevelopment of the latter. This new politico-economic system of subordination, called as colonialism, resulted in the emergence of Europe as a leading

capitalist region while the colonies were reduced to backward and underdeveloped regions of the world. In course of time, the economic and political domination led to numerous conflicts and contradictions which ultimately resulted in the growth of nationalism and movements for independence from colonial rule.

1.2 NATIONALISM IN SOUTH ASIA

Broadly, there were three patterns of colonial governance in the region. Whereas the British Indian Empire embraced the area which covered the present independent republics of India, Pakistan and Bangladesh, Sri Lanka was governed as a 'Crown colony'. The smaller nations of Nepal, Bhutan and the Maldives were not British colonies, but were 'protectorates', that is, in return for surrendering their autonomy over their external relations, their independent existence was protected by the British. Given that nationalism in South Asia emerged as a reaction against colonial exploitation and subjugation, the regions which were under the direct control of the colonial administration witnessed strong anti-colonial and nationalist movements.

The rise and growth of nationalism in South Asia was a reaction against colonial exploitation and subjugation. The new form of nationalism that became the basis of the new states in South Asia derived much of its ideology and political theory from the West but was adapted to particular circumstances and experiences. The basis of this new nationalism was an instinctive and xenophobic hatred for imperialism and symbols of imperialism. It was a simple hatred against those who had occupied their land by force, exploited their riches by force, crushed their government, and enslaved their people. Nationalism also became a creative force which aimed at building a nation based upon the principles of liberty, independence, economic justice and nationality. It not only united the people, but also inspired them to contribute their share in the national reconstruction. The lead in this regard was given by India which produced one of the biggest mass movements in the world. The movement not only succeeded in freeing it from colonial yoke, but also left a historically developed, well thought out programme for free India. The example of India inspired other colonies such as Sri Lanka and gave rise to political consciousness in countries like Nepal, Bhutan, and the Maldives.

1.3 FREEDOM STRUGGLE IN SOUTH ASIA

1.3.1 India

The rise and growth of nationalism in India was the product of the interaction of numerous objective and subjective forces which emerged in the historical process during the British colonial rule. While colonialism resulted in the economic exploitation of India and the destruction of its agriculture and handicrafts, it also led to the political and administrative unification of India. This factor combined with the introduction of modern transport, new education, press etc. resulted in the raise of national consciousness. Since nationalism in India developed under the aegis of British imperialism (which remained foreign till its expulsion), a lot of hurdles were created in its development and consolidation.

The Indian national movement passed through various phases and with each passing phase, its social base broadened, its objective became clearer and its forms of expression varied. The first phase of the national movement began in 1885 with the formation of the Indian National Congress (INC) and lasted roughly up to 1905. During this phase, the leadership of the movement was in the hands of liberal leaders like Dadabhai Naoroji, G.K. Gokhale, M.G. Ranade, S.N. Banerjee, Ferozeshah Mehta etc. At this stage, the objective of the movement was not freedom but political, administrative and economic reforms. At political level, the demand was to reform the central and local legislative councils so as to secure more powers for the Indian representatives (which resulted in the passing of Indian Councils Act, 1892). At the administrative level, the most important demand was to Indianise the higher grades of

administrative services through a simultaneous ICS examination in England and India. At economic level, the demand was for the industrialisation of the country and promotion of Indian industries. The methods adopted to achieve these aims were clearly determined by liberal ideology. Constitutional agitation, effective argument and fervent appeal to the democratic consciousness and traditions of the British were the accepted methods of struggle. Gradualism and constitutionalism were the key concepts. They believed that the main purpose was to educate the masses, heighten national consciousness and create a consensus on political issues.

During this phase, the national movement had a narrow base, the masses could not be attracted to it. Its influence was limited to urban educated class. The Muslims by and large preferred to accept the leadership of Sir Sayyid Ahmad Khan. In 1906, when the Muslim League was established, the Muslim community was affected by its communal character and tended to stay away from the national movement.

Meanwhile, discontent against the British increased because of the highhanded measures of Lord Curzon who not only passed a number of laws such as the Indian Universities Act and the Calcutta Corporation Act curtailing the powers of the Indians but also partitioned Bengal, ostensibly for administrative convenience but politically to create a division between the Hindu dominant West Bengal and Muslim dominated East Bengal. Large number of nationalists became disillusioned with the ideology and methods of the moderate leaders. With the rise of leaders like Bal Gangadhar Tilak, Aurobindo Ghosh, Lajpat Rai and Bipin Chandra Pal, the national movement entered a new phase, the Extremist or militant phase. The extremist leaders practiced a new political philosophy and methods of struggle. Their programmes included boycott of foreign goods, breaking of all relations with the British Government, founding of national institutions for education, and propagation of *swadeshi*. The boycott movement launched by the nationalists was aggressively anti-British. It included not only the boycott of British goods but also renunciation of the government titles and posts and boycott of councils and schools. By providing a stimulus to cottage industries, it also became an instrument for the economic regeneration of the country. The extremists emphasized that there was an inherent clash between the Indian and the British interests and that the national movement was a direct result of this clash. The political propaganda of the militant nationalists instilled national pride, self-respect and self-confidence in the people. It also broadened the base of the national movement associating with it the lower middle class, students and youth. But the movement resurrected Hindu ideas and invoked Hindu symbols which weaned its secular character. This is perhaps why the movement could not prevent a large mass of the Muslims from accepting the communal ideology of the Muslim League.

A new phase in the Indian national movement began with the entry of Mahatma Gandhi. During the World War I, the political activities were at a low ebb. But after the war, there was great unrest among the people because of the fall in agricultural prices, increasing poverty of the middle classes, debt due to war, price rise, profiteering etc. The British government rewarded the Indian people with Government of India Act, 1919 that increased the participation of Indian people in the administration. But the Act did not come to the expectation of the Indian leaders. In these circumstances, the British severely restricted the civil liberties in India by enacting the Rowlatt Acts in 1919.

Mohandas Karamchand Gandhi, who had returned from South Africa in 1914, initiated the struggle against the British rule by organising a series of non-violent acts of resistance against the Rowlatt Acts of 1919. The following year, Gandhi reorganised the Congress, transforming it from an annual gathering of national leaders to a mass movement, with membership fees and requirements set to allow even the poorest of the Indian to join. In August 1920 he launched a full scale non-cooperation movement on the twin issues of : i) rectifying the wrongs of the Jallianwala Bagh tragedy, and the ii) *khilafat* movement. The non-cooperation movement through non-violence and Satyagrah revolutionized the nature of the national movement. It was transformed into a mass

movement. It had three-tier programme: boycott of the national assembly, courts and foreign cloth. Motilal Nehru, C.R. Das, Patel, Rajendra Prasad and many others left the courts, students left schools and teachers resigned from schools and colleges. The movement was not limited to boycott, it offered a positive programmes like opening of national educational institutions and the establishment of cottage and handloom industries. However, Gandhi ended the non-cooperation movement in 1922 when the movement turned violent at Chaura Chauri.

A special feature of the non-cooperation movement was Hindu-Muslim unity. But after the withdrawal of the movement, there were Hindu-Muslim riots throughout India. Both the Muslim League and the Hindu Mahasabha took belligerent stands.

The national movement got a new lease of life in 1928 when the British government announced the appointment of Simon Commission to study the next steps of democratic reforms in India. The Congress boycotted the commission on the ground that Indians were not represented in the Commission. It began to formulate a parallel constitution having the consent of the major communities. A committee was appointed under the chairmanship of Motilal Nehru to prepare a consensus report. The Committee prepared an All Parties Constitution based on self-governing dominion. The report also recognised titles in private and personal property. The socialists criticized the scheme for abandoning the goal of independence. But most importantly, the report did not enjoy the support of Jinnah and the Muslim League which felt that the Muslim interests have not been protected. Since the All Party Convention did not accede to the demands of the League, Jinnah parted company with the Congress.

Meanwhile, the younger leadership of INC represented by Jawaharlal Nehru and Subhas Chandra Bose was not satisfied with the dominion status and called for complete independence. On 31 December, 1929, Congress, under the presidentship of Motilal Nehru passed a resolution for *Purna Swaraj*, that is, complete independence. The Civil Disobedience Movement began on 6 April 1930 by breaking the salt law. Gandhi prepared a comprehensive plan for this movement. He wanted every village to fetch or manufacture contraband salt, women to picket liquor shops, opium dens and shops of foreign cloth dealers; the young and old to spin khadi and burn foreign cloth, the Hindus to eschew untouchability, students to leave government school and government servants to resign their jobs. The government responded by issuing a number of ordinances, banning the Congress and all its branches, closing down newspapers and printing presses and arresting as many as 90,000 people. Negotiations that followed resulted in the Gandhi-Irwin Pact by which all the political prisoners were release and Gandhi agreed to be sole representative of the Congress at the Round Table Conference in London. Gandhi placed the views of the Congress on the federal scheme for India, problems of minorities, the army etc. He opposed the communal division. But due to differences among the various Indian groups at the conference, viz. Congress, Hindu Mahasabha, Muslim League, Sikhs, native princes etc., no agreement could be reached and Gandhi came back from the conference empty handed. In the meantime, the British government announced the Communal Award that not only gave separate electorate to Muslims, Sikhs, Christians, but also to the depressed classes. Gandhi who was in jail started a fast unto death. This resulted in the signing of Poona Pact that reserved seats for the depressed classes instead of separate electorate.

The constitutional reforms finally took shape in the form of the Government of India Act of 1935. The Act provided for the establishment of autonomous legislative bodies in the provinces of British India, the creation of a federal form of government incorporating the provinces and princely states, and the protection of Muslim minorities. The 1935 Act opened a new chapter in the Indian constitutional development. Although the Act did not come up to the expectation of the political parties; all the parties decided to fight elections for the provincial assemblies in 1937. The Congress won absolute majority in five provinces out of seven and a near majority in Bombay. On the other hand, the Muslim League could not form a government in any province and

its idea of coalition government in U.P. and Bombay with Congress was rejected by the latter. This further alienated Jinnah. He began to think in terms of Muslims not as a minority but as a separate nationality. In March 1940, Jinnah propounded the 'two-nation' theory and the Muslim League passed its famous resolution demanding a separate Muslim state constituting the geographically contiguous regions on the western and eastern zones of India.

When the World War II broke out, the British declared war on India's behalf without consulting Indian leaders. The Congress provincial ministries resigned in protest. In 1942, the Congress demanded that British should immediately quit India and passed the famous 'Quit India' resolution. But before the movement for this could be launched, all the leaders, including Gandhi were arrested and the movement became leaderless and took a violent turn. There were strikes, agitations and demonstrations in all parts of India. Police stations, post offices and railway stations were attacked, communication wires were cut and railway lines destroyed. This phase showed that, if need be, the Indian people could take to violence to end British imperialism.

Meanwhile, while the Congress leaders were in jail, Jinnah got a free hand to strengthen the support base of the Muslim League. The League soon became the chief spokesman of the Muslims. After 1943, the only question that remained was how the power could be transferred to India. After the War ended in April 1945, there were fresh elections in Britain and the new Labour government had to face a number of national and international problems. War had weakened the economy of Britain. America and Russia which had emerged as super powers were in favour of freeing the colonies. Moreover, Britain found it difficult to maintain a colony like India which had witnessed mass movements and the revolt of the Indian National Army. In March 1946, the British government sent a Cabinet Mission to India. After long and detailed discussions with different political parties and organizations, the Mission rejected the Muslim League's demand to partition the country and made its proposals for an Indian federation and the setting up of a constituent assembly. The proposals were accepted both by the Congress and the League though reluctantly. In September 1946, an interim government was formed under the leadership of Jawaharlal Nehru. The Muslim League also joined the government but decided not to participate in the making of a new constitution. On 20 February 1947, the British Prime Minister announced his government's decision to quit India before June 1948. Lord Mountbatten was to be sent to India to make arrangements for the transfer of power. In the meantime, the bickerings within the interim government were threatening the breakdown of the administration. The hostility between the two communities had acquired frightening proportions. Jinnah was adamant that the Muslims would not agree short of a sovereign state. As such partition of India and establishment of Pakistan was inevitable. Mountbatten's formula was that the country would be divided but also Punjab and Bengal so that the limited Pakistan that emerged would meet both the Congress and the League positions to some extent. The formula for partition and independence was accepted by all the major political parties in India and was given final shape by the British Parliament through Indian Independence Act 1947. The act provided for the creation of two independent dominions India and Pakistan, provided for the partition of Bengal and Punjab and gave the constituent assemblies of both the countries the power to frame their own constitutions. Thus, on 15 August 1947 India attained independence.

1.3.2 Pakistan

The origin and the struggle for Pakistan lie in the communal politics of pre-independent India. One of the major developments during the national movement was the rise and growth of communalism. According to Bipin Chandra, communalism consists of three stages: i) the communal ideology starts when persons or groups believe that people of the same religion have common socio-economic interests, ii) the second stage is reached when a person or a group believes that different religion based communities have their own special interests, though these interests can be reconciled and accommodated, iii) the third stage is reached when the religious differences are

converted into secular differences and are seen as incompatible with each other. It is at this stage that the idea of separate nation gets established. In the context of India till 1930, communal ideology of reconciliation and accommodation was prevalent but during 1940s, it reached its extremist form of a separate nation resulting in the partition of the country.

Communalism started acquiring something like an all India dimension in the late 19th century. The reform movements launched by Muslim elite at this stage aimed at spreading English education and was basically intended to prepare the Muslims for the job market. They hardly tried to enlighten the community with modern ideas. The sectarian approach of the reform movement created the ground for the emergence and development of Muslim communal parties and politics. The British responded positively to these developments and did everything to encourage separatist tendencies among the Muslims. The British colonial officials gave their blessings to the Muslim League which was formed as an all India party in December 1906.

The Muslim League from its inception had been a conservative party with strong communal bias. Its leadership consisted of persons known for their loyalty to the British. It raised the demand for separate electorates and safeguards for Muslims in government service. It used communal politics and ideology to mobilise the people and keep them away from the growing national movement.

When the partition of Bengal was annulled in 1912, the Muslim League was dismayed and disappointed with the British and began advocating self government for India within the British Empire. In 1916, it signed the Lucknow pact with the INC, whereby the Congress approved the institution of separate electorate and both parties declared their intention to work toward the dominion status for India. The Hindu-Muslim unity was at its peak during the non-cooperation movement. The pact ended in 1922 with the calling off of the non-cooperation movement. The following years saw the rise of Hindu-Muslim communalism expressing itself in number of riots in different parts of the country.

Prospects of Hindu Muslim unity became bright when all parties boycotted the Simon Commission and decided to formulate an all-parties constitution. Since the demands put forth by the leader of the Muslim League, Mohammad Ali Jinnah were not met at the Conference, he virtually parted ways with the Congress. Consequently, all the Muslim groups joined hands and put forth a single document known as Jinnah's 14 Point Programme which became the basis for any further discussion for the future of India. During the Round Table Conferences, no decision could be reached because of the uncompromising attitude of the League. To add fuel to the fire, the British government through the Communal Award accepted almost all that was demanded in Jinnah's 14 Point programme.

From 1930 onwards, a section of the Muslim intelligentsia began to think in terms of a separate independent Muslim state in India. Mohammad Iqbal presiding over 1930 session of the Muslim League said 'I would like to see the Punjab, north-western Frontier provinces, Sind and Baluchistan amalgamated into a single state'. At the Round Table Conference, a group of Muslim students in England led by Rahmat Ali proposed a Muslim state PAKISTAN (taking the first letter of four provinces and the end of the last province).

Despite the yearnings for a separate Muslim state, the League pursued a policy of cooperation with the Congress and favoured a loose federal relationship among provinces within a united India. However, after the 1937 elections, in which the League had fared badly winning only 108 seats out of 485 seats reserved for Muslim, the League evolved into a strong anti-Congress party. As it went about consolidating support among the Muslims, the idea of living together as a single nation began to be replaced by the politics of hatred, fear, and separation. The interests of Hindus and

March 1940, the League propounded the two-nation theory and passed a resolution demanding the creation of 'independent states' for Muslims in the north-western and eastern parts of India.

Though the resolution was not taken seriously at that time but as months passed there was a rapid change. By 1943 it became an article of faith and a matter of life and death for the Muslims. The ambitious politicians, legislators and administrators saw ample opportunities for power in the new state. The professional class of lawyers, doctors, teachers, entrepreneurs and industrialists saw much scope for their activities. To the Muslims peasants of Bengal and Punjab, Pakistan was presented as the end of exploitation by Hindu *zamindars* and *bania*.

The League fought the 1945-46 election on the ground that 'a vote for the League and Pakistan was a vote for Islam'. Winning 440 of the 495 seats reserved for Muslims, the League established itself as the dominant party among the Muslims. Jinnah declared that there could be no compromise on the issue of Pakistan. The Cabinet Mission plan rejected the formation of Pakistan and called for the establishment of an interim government. Initially, the League did not join the government, but later joined it, declaring at the same time that it will not participate in the drafting of the constitution. In August, Jinnah had called for 'Direction Action' for the creation of Pakistan. The following months witnessed the worst ever communal riots between the two communities starting from Bengal, Bihar and United Provinces reaching Delhi and culminating in Punjab. Mountbatten who had been sent to India for the transfer of power felt that immediate action was necessary and this action could only be political. The discussions held between Mountbatten and the Indian National Congress on the one hand and between Mountbatten and Jinnah on the other created an outline of the scheme for the partition of India. This was embodied in an Indian Independence Act 1947 which defined the territories of the two dominions adjustable and fixation of the final boundaries after the Award of the Boundary Commission, partition of Bengal and Punjab and secession of Sylhet from Assam. Thus the communal divide ultimately led to the political divide and the creation of Pakistan.

1.3.3 Bangladesh

Bangladesh was part of Pakistan which was created on the demand that the Muslims are a nation and therefore must have a separate homeland and a state of their own. After Pakistan's creation, however, Bengalis came to develop an increasing sense of distinctiveness which prevented the development of a single national community. It was this estrangement that culminated in the secessionist movement as a result of which Bangladesh ceased to be its constituent part.

The first significant event that was a landmark in the development of Bengali nationalism in Pakistan was the decision of the ruling government of Pakistan to introduce Urdu as the national language of Pakistan in disregard of Bengali wishes. Bengalis saw it as an attempt at cultural intrusion. Different strata of population came out to protest this decision. Police action to disperse demonstrating students leading to the death of some individuals intensified Bengali hostility towards West Pakistan. The language movement sparked the first nationalistic sentiment that got reinforced by the economic and political treatment meted to the Bengalis by the dominant western Pakistan government. This demand later got turned into provincial autonomy. Legally, the Bengalis were citizens of Pakistan but economically the relationship between West Pakistan and East Pakistan was an exploitative one. East Pakistan's foreign exchange earnings were diverted to the West to develop its economy while the East was left lagging behind. There was some industrialisation, but its benefits were reaped by West Pakistan, because the owners were mostly from West Pakistan. Politically, East Pakistan had a subordinate position in the state structure of Pakistan. With West Pakistan becoming the seat of central government, the Muslim League did not allow the emergence of Bengali leadership in East Pakistan. Instead, it sought to manage East Pakistan affairs through

a combination of non-Bengali Nawabs and Muslim traders of erstwhile Bengal. The position became worse because both in the bureaucracy and in the armed forces the eastern wing of Pakistan had no significant participation. As a result, the Bengali leadership was given much less than its due in top decision making structure. The overwhelming domination of West Pakistan in government, bureaucracy and armed forces allowed them to manipulate and dominate East Pakistan.

The most significant impact of the language movement was on the 1954 general elections held under limited franchise. The Awami Muslim League that had emerged under the leadership of Bhashani in 1949 and other Bengali parties came together to form a United Front. They demanded, among others, autonomy for East Pakistan and adoption of Bengali as one of the state languages. They decisively defeated the Muslim League in East Pakistan. However, the Muslim League dismissed the United Front government within six months and imposed military rule in the name of Governor's rule. With the establishment of military dictatorship under Gen Ayub Khan in 1959, the first phase of the struggle of people of East Pakistan ended.

The military dictatorship of Ayub Khan was really aimed at preventing the middle classes or the vernacular elite from coming to power. Politicians with a mass base were disqualified and the domination of the armed forces over the military-bureaucratic complex backed by the industrial and trading bourgeoisie was ensured. The rapid polarization that followed reflected the cumulative impact of the growing political, economic and cultural differences between the two wings. This found expression in the Six-Point Programme announced by the leader of the Awami League, Mujib ur Rahman, in 1966. He demanded that the government be federal and parliamentary in nature, its members to be elected by universal adult suffrage with legislative representation on the basis of population; that the federal government have principal responsibility for foreign affairs and defence only; that each wing have its own currency and separate fiscal accounts; that taxation be done at the provincial level; that each federal unit having control over its own earning of foreign exchange; and that each unit could raise its own militia or paramilitary forces. This was virtually a demand for a confederation. The struggle for linguistic nationalism, autonomy, a balanced economic growth and democracy had now merged.

The third phase of the struggle was the elections of 1970, the first general elections conducted since independence. The Awami League not only swept the provincial assembly polls but also succeeded in securing a majority in the national assembly because of the larger population of the eastern wing. In such circumstances the promised constituent assembly would have inevitably legitimised Mujib's six-point programme. Hence the convening of the national assembly was postponed by the ruling military elite and an alliance was forged with the opposition i.e. Zulfikar Ali Bhutto in West Pakistan. Mujib launched a mass civil disobedience movement hoping to negotiate with Yahya Khan from the position of authority but the Pakistani ruling class used the negotiations to buy time to prepare for the military assault calculated to intimidate the Bengalis in submission.

When the military assault on Bengali nationalists began on 25th March, the civil disobedience and the non-cooperation movement turned into armed struggle. The brutal military action accompanied by torture, rape and murder of intellectuals destroyed the last vestiges of Pakistani nationhood in the people of Bangladesh. The heavy civilian casualties led to an unprecedented migration of Bengali people to India. What should rightfully have been an internal affair of Pakistan, thus became a major problem of India. India provided sanctuary and training facilities to the freedom fighters. Besides, it mounted a massive diplomatic offensive to bring to the notice of the world the genocide in Bangladesh and its liberation struggle. Finally, Pakistan spelt its own doom by declaring war on India on 3rd December. The armed struggle ended on 16th December 1971 when the Pakistani army surrendered to the joint command of the Bangladesh Liberation Army and the Indian army in Dacca. Bangladesh emerged as a sovereign independent nation.

1.3.4 Sri Lanka

The political history of Ceylon, which later came to be known as Sri Lanka, can be traced back to the 3rd century B.C. During the early years, the island was divided into smaller principalities. Dutthagamani, a Sinhala prince from Rohana, attempted to unify the island but complete unification remained a distant hope for a long time. Beginning from the 3rd century BC, Ceylon experienced periodical invasions from South India and in the 11th century the north-western region became a province of the Chola kingdom. In the 12th century, the Sinhala king Parakramabahu I unified the whole country. But after his death, the country plunged into disorder and chaos which attracted the invaders from South India. It was these invasions which culminated in the formation of a Tamil kingdom in the Jaffna peninsula in the north of the island. When the Portuguese arrived in late 16th century, Ceylon was divided into three independent kingdoms: two Sinhalese, one based at Kotte with control over the south and east of the island, and the other at Kandy ruling the central highlands; and one Tamil kingdom controlling north and east. This gave them ample opportunities to intervene in Ceylonese politics and raise their settlements in the coastal region. In the mid 17th century, they were replaced by Dutch traders who were supported by the Sinhalese. The Dutch ruled the coastal Ceylon for over hundred years when much of the interior remained independent under the Kandyan kings. The British displaced the Dutch in 1796. In 1802, they abolished the separate Tamil state and made it into a 'crown colony'. In 1815, taking advantage of internal dissensions within the Kandya kingdom, the British succeeded in overthrowing the Nayakkar dynasty. It guaranteed Kandayans their privileges and rights and the preservation of customary laws, institutions, and religion. Though Kandy was administered separately, the trend towards reducing the status of its aristocrats and bhikkhus was unmistakable; this led to a popular rebellion against British control in 1818. This Great Rebellion was crushed and the Kandya province was integrated with the rest of the country.

Becoming the effective rulers of the whole of Ceylon, British colonialists quickly began a reform process. They relieved the native officials of judicial authority, paid salaries in cash, and relaxed the traditional system of compulsory labour called the *rajakariya* system. Restrictions on European ownership of land were also lifted. Agriculture was encouraged. The Colebrooke Cameron Commission systematised these early changes through the Charter of Justice of 1833. The British adopted a unitary administrative and judicial system for the whole island. They reduced the autocratic powers of the governor and setup Executive and Legislative Councils to share powers in the task of government. English was made the language of the government and the medium of instruction in schools.

In the economic sphere, the British abolished all state monopolies, did away with *rajakariya* system, and promoted free trade. They encouraged plantation agriculture by selling Crown land cheaply. As a result, production of cinnamon, pepper, sugarcane, cotton and coffee flourished. The labour on the coffee plantations was predominantly immigrant Indians. In the later half of the 19th century, commercial crops like tea, rubber, and coconut plantation became the catalyst of modernization of the Ceylonese economy.

It should however be noted that the capitalist enterprise was restricted to urban areas and areas under plantation. The rest of the country continued under subsistence agriculture, using traditional methods, though the isolation of the villages was broken somewhat by roads and railways.

National consciousness and the origin of modern nationalism in Ceylon can be traced back to the religious revivalism, which was a reaction to the Christian missionary enterprise. In the later half of the 19th century, revivalist movements in Buddhism and Hinduism sought to modernise their institutions and to defend themselves against the Christianity by establishing schools to impart Western education unmixed with Christianity. This consciousness gradually spread to the political arena. A number of

regional and communal associations that had come up in the educationally advanced parts of the country began to demand political reforms within the colonial constitution. They asked for Ceylonese participation in the executive branch, a wider territorial representation in legislature, and the adoption of elective principle in place of nomination. The colonial administration ignored these demands as they were not coordinated or vociferous. The constitutional reforms of 1910 retained the old structure with an appointed executive and a legislative branch with an appointed majority. The elective principle was recognised to a limited extent by establishing 'educated Ceylonese' electorate to elect one member to the Legislative Council. Other Ceylonese members were to be nominated on communal basis.

Forces of nationalism gathered momentum during the World War I. The growth of national political consciousness was aided by the political repression that followed the civil disturbances in 1915. When the British arrested prominent Sinhalese leaders during what was then a minor communal riot, leaders of all communities came to oppose the move. It became the first political agitation on the island. Feeling the need for a common platform to voice a nationalistic view point, the Sinhalese and Tamil organisations came together to form the Ceylon National Congress in 1919. The Congress demanded control of the budget, elected majority in the legislature and practical control of the executive branch.

The British government, already under pressure because of the decline in the growth of world trade after World War I, a rise in prices of imported goods including foodstuffs and heightened working class activity, promulgated a new constitution in 1920. It provided for an elected majority in the legislature, an increase in the number of territorially elected members, and the election of communal representatives. Thus, a representative government came into being in Ceylon. The executive, however, remained under the governor and the official Executive Council.

Following these reforms, there was the breakdown of the Sinhalese and Tamil harmony of interests. While the Sinhalese leaders wanted to do away with communal representation and make territorial representation universal, minorities desired to retain communal representation to secure power for their communities. In this context, the Tamils began to regard themselves as minority community. With the increase in dissension and mutual suspicion between the Sinhalese and Tamils, the minorities broke away from the Congress to form their own organisations.

A new constitution framed in 1931 gave Ceylonese leaders opportunities to exercise political power and to gain governmental experience with a view to achieving eventual self-government. It provided for a State Council which combined legislative and executive functions. In addition to being a legislative council with an overwhelming majority of territorially elected members, the State Council was divided into seven committees (each headed by a minister or chairman) for executive work. Perhaps the most significant feature of this constitution was that by granting universal franchise, it brought all Ceylonese into the political process.

The growing national movement in India and the introduction of adult franchise further augmented the national movement in Sri Lanka. Movements for social welfare increased. Working class movement got impetus with the foundation of the Marxist political party. The introduction of universal suffrage also led to the recrudescence of religious nationalism i.e. nationalism intertwined with Buddhist resurgence and its associated cultural heritage. This was given expression by S.W.R.D. Bhandaranaike through his Sinhala Maha Sabha. The universal suffrage also compelled the constitutionalist leadership during the second State Council (1936-47) to become more positive towards social and economic facets of the resurgence of nationalism, particularly in the fields of health, education and food subsidies.

In response to the radical agitations, the British government appointed Soulbury Commission in 1944 to examine the constitutional problems. The Commission recommended internal self-government, with defence and external affairs under the

British control. Ceylonese radical elements, however, pressed for complete independence. Meanwhile India's independence became a reality. In the context of the new situation, Great Britain was forced to transfer complete power on 4th February 1948 to the representatives of people elected as per the provisions of the new constitution in the general elections held in 1947.

The transfer of power in Sri Lanka was a smooth and peaceful, a reflection of the moderate tone of the dominant strand in the country's national movement. There was no bitterness or division at the time of independence as in the case of India. It made the whole process rather bland. Independence was granted from above and lacked the active spirit of nationalism.

Check Your Progress I

Note: i) Use the space given below for your answers.

ii) Check your answer with the one given at the end of this unit.

1) What was the political philosophy and methods adopted by the Extremist leaders in India?

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2) What were the main grievances of the Bengalis in East Pakistan?

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3) When and on what issue did the Sinhalese and Tamils develop differences?

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1.3.5 Nepal

For much of its early history, Nepal was divided into a number of independent principalities. In the mid 18th century, Prithvinaraian Shah, the chief of the Gurkha principality unified the whole of Nepal and founded the Shah dynasty. The present borders of Nepal came into being after the war with the British rulers in 1814. Nepal lost considerable amount of territory to British India, but it gained British recognition of its sovereignty. Even though Nepal was never occupied by the British, it was rarely in a position to assert its complete independence. When India became independent, Nepal too declared its independent status.

Since minor heirs succeeded Prithavinarajan, the prime ministers began to wield immense political power. This resulted in intrigues, conspiracies, killings and counter-killings and instability. This situation continued until the mid-19th century, when Jang Bahadur Rana eliminated all rival political factions and reduced the king to a titular head. The Shah ruler, who was secluded in the palace grounds, was asked to issue a *sansad* (royal decree) granting Jung Bahadur absolute authority in civil and military administration and foreign relations. This *sansad* which also bestowed the office of prime minister upon the Ranas in perpetuity provided the legal basis for the rule of the Rana family in the country.

Since the power of the Rana prime ministers was ultimately illegitimate, resting on the abdication of responsibilities by the king and his virtual incarceration, the Rana rule

became autocratic and reactionary in order to prevent any challenge to their authority. In the process, they succeeded in isolating Nepal from many of the changes happening throughout the world and even in nearby India.

Nepal, however, did not remain in complete isolation. The reform movements in India and the rise of national movement under Indian National Congress deeply influenced the middle classes. The Rana regime's suppression of the modernist aspirations of the educated classes gave birth to an anti-Rana movement. Nepali exiles and those who had come to India for education set up associations which aimed at building a popular movement in Nepal and replace the Rana system by a democratic order. In the 1930s, some of these organisations, such as the Nepali Nagrik Adhikar Samithi, Prachanda Ghorka, Praja Parishad, etc. formed by Nepali people living in exile in India, demanded immediate political reforms in Nepal and an end to the rule of the Ranas. This precipitated internal disturbances in Nepal. These developments in Nepal coincided with preparations for British withdrawal from the subcontinent. It may be noted that the Rana system had been supported and sustained by the British rulers in India who saw in Ranas, a useful and subservient ally. The atmosphere within the country was also not in favour of the Ranas. The king was aligned with the anti-Rana forces for obvious reasons. Moreover, the Ranas themselves had internal contradictions owing to various categories of expanding and amorphous lineage in the family. Accordingly, many of the Ranas in the lower status of the family hierarchy and lineage (born of less pure marriage) had either directly joined the anti-Rana movement or were indirectly opposing the ruling coterie as they had no stakes in the degenerated system. There were also sharp differences of ideology and tactics among the Rana rulers on how to deal with the forces of change. In such circumstances, the then Rana prime minister, Padma Shamsher thought of accommodation with the leaders of the democratic movement. This change in attitude paved a way for political reforms and constitutional developments in Nepal.

In 1948, Rana Mohan Shamsher promulgated the first written constitution of Nepal. It provided fundamental rights to the people and revived the traditional panchayat system without disturbing the traditional powers of the Ranas. When the Rana prime minister outlawed the Nepali National Congress and showed no interest in implementing the new constitution, anti-Rana forces came together to form the Nepal Democratic Congress in Calcutta in August 1948. This group advocated the overthrow of the Ranas by any means, including armed insurrection. It tried to ferment army coups in January 1949 and January 1950 but failed. When the Rana government arrested B.P. Koirala and other organizers in October 1948 and subjected regime opponents to harsh conditions and even torture in jail, its democratic opponents turned against it again.

The break for the nationalists came in 1950 when King Tribhuvan and his family sought asylum in India. Several anti-Rana organisations then joined together under the banner of the Nepali Congress, launched an armed struggle against the Rana regime. The Nepali Congress set up a provisional government at the border town of Birganj after its forces had captured much of the Terai from the Ranas. At this stage, India, which had just recognised the Rana regime in Nepal and concluded the Treaty of Peace and Friendship in 1950, decided to intervene to find a amicable way out. India mediated with the three segments of the Nepali politics in the crisis situation, the Ranas, the popular leaders and the King to work out a settlement. India's approach was that Nepal should follow a middle path where in the traditional elite should be preserved at the same time some progress should be made towards democracy. The agreement concluded in New Delhi in February 1951 envisaged a coalition government of the Ranas and the Nepali Congress as well as restoration of the status and power of the monarchy. An interim ministry headed by Mohan Shamsher with five Ranas and five Nepali Congress Party members was sworn in February 1951 after the King returned to Kathmandu. The King issued a *lal mohur* revoking all the hereditary powers and privileges of the Rana family. Thus, the regime that had lasted for 104 years collapsed in 104 days.

1.3.6 Bhutan

Bhutan was divided into several small principalities until 17th century. In the eastern Bhutan a ruling house was founded by the descendents of a Tibetan prince who had migrated in 9th century A.D. The western region was divided into several estates, controlled by different Buddhist monastic schools. The prince, Abbot-Shabdrung Ngawang Namgyal, arrived in Bhutan from Tibet as refugee in 1616. With the help of existing monasteries belonging to his school of Buddhism, he launched a struggle to unify Bhutan. In this struggle, Shabdrung defeated the rival schools and also repulsed successive invasions from Tibet and united the country. But after his death, Bhutan was in turmoil once again. Out of this turmoil emerged Ugyen Wangchuk who restored order and peace in Bhutan and founded the present hereditary ruling house in 1907.

When the Bengal Presidency was established by Britain in the later half of the 18th century, its borders touched the Bhutanese territory. This resulted in periodic skirmishes between the British and the Bhutanese. It finally led to the full scale Anglo-Bhutanese war in 1864-65 which settled the border. Thereafter, the British influence in Bhutan gradually increased at the expense of China and Tibet. In 1910, despite Chinese protests, Ugyen Wangchuk signed a treaty with the British rulers of India in which he "agreed to be guided by the advice of the British government in regard to its external affairs". In return, the British government pledged not to interfere in the internal affairs of Bhutan.

The following year the king attended the famous *Delhi Durbar* and he 'knew and accepted the fact that none but feudatory chiefs of India were to participate in the Durbar. The British, however, did not regard Bhutan as an Indian State and did not adopt policies normally applied to native princes, such as recognising and regulating succession, intervening in case of threats to the state or gross misrule.

When India was on the verge of independence, the Bhutanese government was apprehensive that the new Indian government was likely to interfere in the internal affairs of Bhutan and as a counter balance wanted to have some relations with the British government in London. However, when the Bhutanese delegation went to New Delhi to negotiate a standstill Treaty with the new Indian government, it was impressed by the sincerity of the new Indian regime. The Bhutan government and the Political Officer in Sikkim signed the Indo-Bhutan Treaty of 1949 at Darjeeling in August 1949. The Treaty clearly established Bhutan as a sovereign power. India undertook not to interfere in the internal administration of Bhutan while Bhutan agreed to be guided by the advice of India in its external relations. In case of dispute arising in applying the Treaty, constitution of an Arbitration Council with an Indian, a Bhutanese representative and the chairman to be nominated by Bhutan among the Federal High Court judges from India was also envisaged. These stipulations have worked to the satisfaction of both the contracting parties.

1.3.7 Maldives

The early history of the Maldives is obscure. The early settlers here were probably from southern India. Indo-European speakers followed them from Sri Lanka in the fourth and fifth centuries BC. In the 12th century AD, sailors from East Africa and Arab countries came to the islands. The Maldivian ethnic identity is therefore a blend of these cultures, reinforced by religion and language.

Originally Buddhists, Maldivians were converted to Sunni Islam in the mid-12th century. Since then the Maldives has been governed as an Islamic sultanate for most of its history. It came under the feudatory subjection of the king of Cannanore in coastal India. For the first time in its history, the Maldives came under direct control of foreign power, when the Portuguese occupied the northern islands in 1553. Within 15 years the Portuguese were driven out by the people led by warrior-patriot, Mohammad Bodu Takuru. The Sultan later concluded a treaty with Portuguese which restricted their independence and Maldives was forced to send a fixed annual tribute to the Portuguese in Ceylon.

When the Dutch and later the British established their hold on Ceylon, the Sultan of Maldives continued the practice of sending an annual tribute to the European Governors in Ceylon, a practice that continued till the first half of 20th century. The Europeans left alone the local government and internal affairs of the Maldives.

Knowing the strategic importance of the islands as well as to protect trade conducted by British subjects, in 1887, the Governor of Ceylon signed an agreement with the Sultan. By this agreement, Great Britain formally recognized Maldives as its protectorate. According to the terms of the agreement, the responsibility of recognizing and installing the sultan and the control of the country's defence and foreign relations were vested in Great Britain. In return, the islanders were left free to decide internal affairs.

Maldives continued to be ruled under a succession of sultans. The sultans were hereditary until 1932 when an attempt was made to make the sultanate elective, thereby limiting the absolute powers of sultans. Maldives remained a British crown protectorate until 1953 when the sultanate was suspended and the First Republic was declared under the presidency of Muhammad Amin Didi. The sultanate was however, restored the following year. Political developments in the Maldives since then have been largely influenced by the British military presence in the islands.

In 1956, the Britain obtained permission to re-establish its wartime airfield on Gan islands and a radio station on Hitaddu Island. Maldives granted the British a 100-year lease on Gan that required them to pay £2,000 a year. Before the agreement could be ratified, the new Prime Minister, Ibrahim Nasir, called for a review of the agreement in the interest of shortening the lease and increasing the annual payment. But in 1959, Nasir was challenged by a local secessionist movement in the southern atolls that benefited economically from the British presence on Gan. He allowed Britain to continue to use both the Gan and the Hitaddu facilities for a thirty-year period, with the payment of £750,000 over the period of 1960 to 1965 for the purpose of Maldives' economic development.

On July 26, 1965, Maldives gained independence under an agreement signed with Britain. The British government retained the use of the Gan and Hitaddu facilities. In March 1968 the sultanate was abolished by a national referendum. Maldives became a republic in November 1968 under the presidency of Ibrahim Nasir.

Check Your Progress 2

Note: i) Use the space given below for your answers.

ii) Check your answer with the one given at the end of this unit.

1) What factors contributed to the demise of the Rana system in Nepal?

.....

.....

.....

2) is regarded as the founder of modern Bhutan.

3) Maldives attained independence on

1.4 LET US SUM UP

As is evident from above, nationalism and the struggle for independence in the South Asian region were the direct result of the colonialism and imperialism of the western nations. The lead in this direction was given by India that not only led the most powerful liberation movement spanning over a period of more than sixty years but also influenced directly and indirectly other countries of the region.

Although, the struggle for freedom was anti imperialistic, yet the proto national loyalties –religious, ethnic or otherwise- among the people proved an obstacle rather than a contribution to the national consciousness and national unity. This was readily mobilized by the imperial masters against the nationalists by encouraging communalism. The net result was the partition of India and the creation of Pakistan. Communalism, the resultant partition of India and the creation of Pakistan were the outgrowth of the complexities of the national movement. Basically communalism was the disguised expression of the struggle between the vested interests belonging to different faiths that gave a communal form to that struggle. The communal question had no religious issue. It was a question of struggle between various sections of the professional classes belonging to different faiths.

The cultural and geographical separation between West Pakistan and East Pakistan, combined with differences in social, economic and political factors, set the stage for a second wave of nationalism that resulted in the creation of Bangladesh. It was a struggle for nationalism of a 'nation within a nation'. The idea of 'two-nations theory' i.e. Hindus and Muslims form separate nationalities proved wrong.

In Sri Lanka, the freedom struggle evolved in a peaceful, gradual and constitutional manner. In striking contrasts to other parts of South Asia, Sri Lanka in 1948 was an oasis of stability, peace and order. The transfer of power was smooth and peaceful, a reflection of the moderate tone of the dominant strand in the country's nationalist movement, there was hardly any bitterness or division.

In the case of Nepal, the problem was internal i.e. a power struggle between the royal family and the reactionary and autocratic Rana system. The anti-Rana democratic movement began after the World War I, it intensified following the independence of India in 1947. The Nepali Congress launched a powerful movement against the Rana rule in 1950. India gave a tacit support to the movement that in the course of time turned into a violent armed struggle and paved the way for a constitutional monarchy in February 1951.

In Bhutan, the British interest was very much limited. Till independence of India, the relations between Bhutan and British Government remained cordial. At no stage Britain thought of interfering in the internal affairs of Bhutan except controlling its foreign relations. This tradition was continued by independent India by the 1949 treaty between India and Bhutan.

In the case of Maldives, no Western colonial power directly ruled the Maldives except the Portuguese who managed to gain control over it for a short period. Between 1887 and 1965 it remained a protectorate of Great Britain. In the internal matters and the conduct of domestic politics, the Maldives remained largely unhindered. And though at the constitutional level, certain changes were brought about they did not affect the pace or the pattern of social structures except in a formal sense.

1.5 SOME USEFUL BOOKS

Chandra, Bipin. (1989) *India's Struggle for Independence*. Delhi

Sarkar, Sumit. (1983) *Modern India 1885-47*. Delhi

Vermani, R.C. (2000) *Colonialism and Nationalism in India*, Delhi,

Das, Mitra. (1981) *From Nation to Nation*. Minerva Associates, Calcutta

Banerjee, Subrata (1981) *Bangladesh*. New Delhi,

K.M. DeSilva, K.M. (1977) *Sri Lanka – A Survey*, London.

Phandnis, Urmial. (1985) *Maldives – Winds of Change in an Atoll State*. New Delhi.

Sinha, A.C. (2001) *Himalyan Kingdom of Bhutan*. Delhi

1.6 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) The Extremist were aggressively anti-British and aimed at economic regeneration of the country. Their programmes included boycott of foreign goods, breaking of all relations with the British Government, founding of national institutions for education, and propagation of *swadeshi*. Their political philosophy instilled national pride, self-respect and self-confidence in the people. They also broadened the basis of the national movement associating the lower middle class, students and youth with it.
- 2) Nationalistic sentiment among Bengalis was aroused by the decision of the Pakistani government to introduce Urdu as the official language. The economic and political treatment meted to the Bengalis by the dominant western Pakistan government also strengthened Bengali identity. Economically the relationship between West Pakistan and East Pakistan was an exploitative one. Politically, East Pakistan had a subordinate position in the state structure of Pakistan. Both in the political and administrative spheres, Bengalis felt left out.
- 3) Political differences between the Sinhalese and Tamils came to surface in the 1920s. The constitutional reforms of 1920, subsequently modified in 1924 provided for communal representation. The Sinhalese leaders wanted to do away with communal representation and make territorial representation universal. Tamils, who began to regard themselves as minorities wanted to retain communal representation to secure power for their communities.

Check Your Progress 2

- 1) Basically, since the power of the Rana prime ministers was illegitimate, Rana rule was autocratic and reactionary. The suppression of modern democratic aspirations gave rise to anti-Rana movement. In the 1940s, the Rana rulers lost the support of the British following their withdrawal from India. Rana rule was further weakened when some of Rana family members of lower rank joined forces with anti-Rana movement. The final blow to the Rana rule came when the king showed readiness to assume his sovereign responsibilities.
- 2) Ugyen Wangchuk
- 3) 26th July, 1965

Structure

- 2.0 Objectives
- 2.1 Introduction
- 2.2 What is Human Development?
 - 2.2.1 Dimensions of Human Development
 - 2.2.2 Human Development and Neo-liberalism
- 2.3 Economic Structure of South Asia
- 2.4 Human Development in South Asia
 - 2.4.1 Knowledge: Education in South Asia
 - 2.4.2 Longevity: Status of Health, Nutrition and Sanitation
 - 2.4.3 Decent Standard of Living
 - 2.4.4 Gender Discrimination
- 2.5 Let Us Sum Up
- 2.6 Key Words
- 2.7 Some Useful Books
- 2.8 Answers to Check Your Progress Exercises

2.0 OBJECTIVES

The unit deals with most important perspective of development in South Asia, i.e., human development. After going through this unit you should be able to:

- Trace the origin and elaboration of the concept of human development;
- Define the concept of human development;
- Point out characteristics of human development in the context of South Asia; and
- Describe the current status of human development in South Asia.

2.1 INTRODUCTION

The concept of human development emerged as an alternative to the traditional development concepts which emphasised on economic growth. While the purpose of all development, economic or social, is human welfare, for a long time, in most of the literature and in the international debates development has been identified with economic growth and measured in terms of aggregate income of a society or per capita income. The distribution of income in the society, the availability of social choices and opportunities for maximisation of potential of the people were neglected. Efforts to overcome these shortcomings resulted in the emergence of an alternative approach to development. This is the human development paradigm which shifted away from the earlier thrust on quantitative to the qualitative improvement of human life. Drawing on the ideas of prominent economist Amartya Sen, the human development school defined development as a "process of enlarging people's choices". It regarded increased incomes as a means to widen human choices and capabilities, the most critical ones being the opportunities to live a long and healthy life, to be educated and to have access to resources needed for a decent standard of living. After the United Nations Development Programme adopted human development indices to evaluate the progress of nations in 1990, the concept of human development has gained wider recognition. It has evolved from an idea into an intellectual movement. This unit profiles the progress made by

South Asian nations in terms of human development. The first section of the unit introduces and clarifies the features and dimensions of this new approach to development.

2.2 WHAT IS HUMAN DEVELOPMENT?

The issue of development has been central in social sciences since the end of the Second World War. As nations began efforts to reconstruct their economies damaged by the war and as the emergent countries of Asia, Africa and Latin America began to remove distortions in their social and economic systems caused by centuries of colonial rule, a spate of development theories emerged. By and large these theories conceived of development in a narrow quantitative sense of material welfare and command over material resources. Accordingly, the value of the total goods and services produced in a community, that is, the Gross National Product (GNP) or one of its variants remained in use an indicator of aggregate welfare of a community.

In the 1970s, equity considerations began to impinge on the idea of development. For instance, the 'basic needs approach' shifted the focus on to the requirements of the poor and the disadvantaged in a society. The World Bank also broadened its conception of development and began to emphasize growth for the poor and resource-weak groups along with aggregate growth. While such conceptions of development embodied the desire to improve the living conditions and welfare of all members of a society, the basic indicators of development remained income measurements of one kind or the other. Consequently, growth in real incomes was the main target of development plans of nations and international agencies concerned with development.

In the early 1980s, this approach to development was disputed by prominent economists like Amartya Sen, Paul Streeten and Mahbub ul Haq. These economists believed that increased incomes should be a *means* to improve human welfare, not as an end in itself. They argued that income should be regarded as a means for enlarging human choices and strengthening human capabilities (the range of things people are able to do or be). After all, development is about people, their well-being, their needs, choices and aspirations. This new thinking on development with people as the focus of concern has come to be known as the human development approach.

According to this new thinking, human development is the process of building of human capabilities, such as to lead a long and healthy life, to have education, information and knowledge, to have opportunities for livelihood, to have access to the natural resources for a decent standard of living, to have sustainable development, to have personal and social security, to achieve equality and enjoyment of human rights, to have participation in the life of the community, to have responsible government and good governance and so on.

Traditionally, development theorists have argued that an increase in income would result in human welfare. Advocates of human development disputed this claim. They argue that the quality and distribution of economic growth is as important as quantity of economic growth for enlarging human choices. Income may be unevenly distributed within a society, in which case people with limited or no access to income will end up with too few choices. More important, the range of choices available to the people depends on the national priorities of a society or rulers; the elitist or egalitarian model development; political authoritarianism or political democracy, a command economy or participatory development. By comparing per capita incomes with indicators of education or health standards, these economists demonstrated that countries with higher levels of per capita income did not necessarily have better education or health standards. Amartya Sen, for instance, observed that the average life expectancy in Sri Lanka was 70 years, whereas it was not more than 64 years in Brazil, even though per capita income of the latter was four times greater than that of Sri Lanka.

The human development approach gained ground when the United Nations Development Programme (UNDP) presented a comprehensive concept of human development in the first *Human Development Report* in 1990. This report, prepared under the guidance of Mahbub ul Haq, defined human development as a process of enlarging the range of people's choices by expanding human capabilities and functionings. Subsequent annual Human Development Reports have further elaborated the human development paradigm.

For bringing forward the human development profile of all countries of the world, the UNDP constructed the concept of Human Development Index (HDI). The HDI is the cumulative measurement of three essential human choices required at all levels of human development, longevity, knowledge and decent standard of living. Longevity is a choice to live a long and healthy life. It is measured in terms of life expectancy (years). Knowledge is a choice to acquire literacy/information. It is measured by educational attainment percentage, which is combined gross enrolment ratio at various levels. Decent standard of living is a choice to enjoy a quality and standard of life. It is measured by national income or income per capita in purchasing power parity in US dollar (PPP US \$).

The UNDP reports ranked a country according to its overall achievement in these three basic dimensions of human development. HDI ranks countries in relation to each other to inform how far a country has travelled in the path of human development. In this way, the HDI is indicative to the levels of human development and not the complete measurement of development.

2.2.1 Dimensions of Human Development

Human development paradigm has four essential components. First is equity or equitable access to opportunities. Human development is concerned with widening the choices of all people. Without equity, development restricts the choices of many individuals. Second is sustainability. Human development emphasises on sustaining all form of capital-physical, human, financial and environmental so that future generations can have the same opportunities for well being that the present generation enjoys. Third is productivity. Human development believes in investing in people so that they can achieve their maximum potential. People are not seen merely as human resources, that is, as means for better economic efficiency. People are seen as the ultimate ends of the development process. Finally, empowerment. Human development focuses on development by the people. People must participate in the activities, events and processes that shape their lives.

Over a period of time, the concept of human development has evolved into a multidimensional approach. The concept of human development has been gradually extended into basically all areas of societal development. To the original focus on the missing link between income and welfare has been added concern for the provision of social infrastructure and services that are made available on an equal basis to all citizens; special emphasis on gender equality; and equal opportunities for participation in political and economic decision-making. The latter requires both an enabling legal and institutional framework and empowerment of citizens and civil society organizations so that they become capable of reaching up to the authorities. Some of the adherents to the concept have furthermore put special emphasis on sustainability, that is, opportunity to enjoy the same well-being to the future generations.

Successive annual reports of the UNDP reflect this extension of human development to areas of social development. In HDR report of 1995, for instance, the focus is on gender equality. The report included a gender related development index (GDI) to capture the gender bias in the three central human capabilities. The Mahbub ul Haq Development Centre, which has been bringing out annual reports on Human Development in South Asian, has introduced a new index-the humane governance index, to indicate how the governments in the region are faring in terms of serving their citizens

It should however be noted that human development is an approach and not a dogma or doctrine. It does not provide a definite work plan or principles to apply. How much participation, what degrees of inequality, what regulations are required to moderate imbalances of power, how much government support is needed to strengthen which human capabilities and other similar issues are the ones for which there are no clear guidelines. They must be determined by democratic political process. Human development approach provides an ordering of issues and priorities to be weighed and considered, not a checklist of decisions to be taken.

2.2.2 Human Development and Neo-liberalism

To clarify the concept of human development, it is useful to compare it with the dominant school of economic thought, neo-liberalism. Both, the human development school and neo-liberalism have their ideological roots in the liberal economic tradition which emphasizes the fundamental importance of individual choices and the value of well functioning markets to enable individuals to exercise these choices. However, human development differs from the neo-liberalism in many ways. These differences are summarised in the table below.

	Human Development	Neo-liberalism
Objective	Expansion of human opportunities and capabilities	Maximization of economic welfare
Focus of Concern	People	Markets
Guiding Principle	Equity and Justice	Economic Growth
Emphasis	Ends	Means
Trend Focus	Poverty Reduction	Economic efficacy
Poverty Definition	Population in multidimensional deprivation	Population below minimum income line
Key indicators	Human Development Index, Gender related Development Index (GDI), Gender Empowerment Measure (GEM) and percent of Human Poverty Index (HPI).	Gross National Product (GNP), GNP growth and per cent below income poverty line

Source: Jolly 2003

The defining difference between the two is that while the former is multidisciplinary, aiming at better quality and content of human life, the latter is exclusively economic, aiming at maximization of economic welfare. While the two approaches appear to share common ground on certain policies, for instance, on education and health, the rationale is different. Human development recognizes education and health as human rights, whereas neo-liberalism considers them as investments for economic growth. In human development, people are the central focus of all analysis and policy, not markets.

In contrast to neo-liberalism which propounds a minimal state, the human development school envisages an active role for the state. As we observed, human development school argues that the link between income growth and human welfare has to be created consciously through public policies which aim at providing services and opportunities as equitably as possible to all citizens. State action is essential in several important areas: in strengthening the human capabilities of all the population; in ensuring a fair distribution of opportunities through a fair distribution of income; in creating active policies to ensure market work with equity as well as efficiently; and in encouraging the formation or strengthening of local institutions that provide opportunities for participation and empowerment in a whole range of activities and services.

Note: i) Use the space given below for your answer.

ii) Check your answer with the model answer given at the end of the unit.

Read the following statements carefully and fill in the blanks

- 1) Traditionally, welfare was taken to be synonymous withand was measured in
- 2) The four essential components of human development areand.....
- 3) The HDI is the cumulative measurement of three essential human choices:
.....
.....and
- 4) What is the role of state from the human development perspective?
.....

2.3 ECONOMIC STRUCTURE OF SOUTH ASIA

The geographical location and the size of the population of the seven countries of South Asia have a direct bearing on their economies. Within the region, India is the largest nation in population and area. Its population in year 2000 has crossed the mark of one billion people and is next to China, in the world, in the population size. Maldives is the smallest country in the region, both in terms of population and area. Bhutan and Nepal are land-locked while Maldives and Sri Lanka are island countries. Bangladesh, India and Pakistan are the only countries in the region where land and water is adequately available. Maldives is a tiny island in the Indian Ocean with only 300 sq.km land and 2,76,000 people (in the year 2000). Bhutan, though, relatively large in terms of area (that is, 47,000 sq.km) has difficult terrain. Most of ranges are hardly accessible because of snow coverage. Nepal too is situated in the Himalayan mountains and its area outwardly appears to be bigger but it is mostly mountainous.

Basic Indicators

Countries	Area 10000 square KM)	Population				
		Millions in year 1990	Millions in year 2000	Average annual % growth (1990-90)	Average annual % growth (1990- 2000)	Density people per sq. km. in year 2000
Bangladesh	144	107	130	2.2	1.6	997
Bhutan	47	140 (‘000)	805 (‘000)	2.6	2.9	17
India	3288	850	1016	2.1	1.8	342
Maldives		214 (‘000)	276 (‘000)	3.2	2.6	N.A.
Nepal	141	19	24	2.6	2.4	167
Pakistan	796	112	138	3.1	2.5	179
Sri Lanka	66	17	19	1.4	1.3	300
World	NA	NA	6057	1.7	1.4	47

Source :

i) World Bank “World Development Report,” relevant issues, Washington, D.C.

ii) United Nations Development Programme (UNDP), “Human Development Report,” relevant issues, UN, Geneva.

Note: The population figures for Bhutan and Maldives are in thousands.

With over one-fifth of the world's population living in the region, South Asia has the world's largest poor people. A large segment of the population lives in rural areas on subsistence agriculture. The Geneva based United Nations Development Programme has categorised four countries of South Asia region, viz., Bhutan, Bangladesh, Maldives and Nepal as the Least Developed Countries (LDCs). The remaining three countries, India, Pakistan and Sri Lanka are categorised as Developing countries. In the last three to five decades, the countries of the region have made planned efforts to overcome some of the problems associated with low industrialisation and mass poverty. As a result, significant changes have taken place in their economic structure. The share of various sectors in national income in respective economies has also undergone a change.

Changes in the economic structures of the region has been rapid in the last two decades, that is, from 1980 to 2000. The share of agriculture has rapidly declined (barring in Pakistan) and that of services has gone up in all the economies (barring in Bhutan) while the industrial sector has remained stagnant. Although the contribution of agriculture to GDP has gone down from 40 percent in 1980 to 25 per cent in 2001, agriculture still provides employment to more than half of the employed people in South Asia.

The service sector on the other hand has emerged as an important contributor to the GDP. Providing employment to a little over 22 per cent of the workforce, the service sector's contribution to the GDP has risen from 36 per cent in 1980 to 49 per cent in 2001. In Bangladesh, Pakistan and Sri Lanka, the service sector is contributing more than fifty per cent of the GDP. This increase has occurred mainly in the 1990s when these countries opened up their economies for (domestic) private and foreign investors.

The share of manufacturing sector in the GDP has remained more or less constant at 25 per cent during the last two decades. The decline or stagnancy in manufacturing and industry sector reflects the inherent weaknesses in basic infrastructure. This is a cause for concern as such a decline not only robs the employment generation potential of this sector but ultimately adversely affects sustainable development. Ironically, even in the age of Information Technology (IT) and services boom, the developed West and the European countries maintain high growth rate in manufacturing and industry sector. For instance, over the past twenty years US manufacturing share in its national income is about 25 to 30 percent which provided considerable strength to its economy to sustain growth in the longer period. The high growth rate in manufacturing and industry sector is seen as an essential element in enlarging the other sectors of the economy. The lack of momentum in manufacturing and industry sector in South Asia has caused deterioration in employment generation and eventually led to mounting pressure of poverty.

2.4 HUMAN DEVELOPMENT IN SOUTH ASIA

Since the UNDP brought out the first *Human Development Report* in 1990, the human development approach has been applied and elaborated in a large number of different economic and social situations. During the last decade, over 135 countries have prepared some 300 reports, analyzing aspects of human development in various national contexts. Regional reports have also been prepared for South Asia, Africa, Central America and Pacific Islands. For South Asia region, the Mahbub ul Haq Development Centre set up in 1995 has been bringing out annual reports of Human Development in South Asia. The following analysis is mainly drawn from these reports.

As we saw, HDI is a composite index of progress of nation's which combines both economic growth and social development. When we go by income measurement, like the traditional economic growth approach, it appears that development process has failed in South Asia and other developing countries, as these countries remain at the

bottom of the ladder. However, when we evaluate these countries by including the real (social) indicators of human development, we find that most of these countries have made tremendous progress. Mahbub ul Haq calculates that the average life expectancy has increased by 16 years, adult literacy by 40 per cent and per capita nutritional levels by more than 20 per cent. In fact, developing countries have achieved in the past 30 years the kind of real human progress that industrialised countries took nearly a century to accomplish. While the gap between the industrialised and the developing countries, in terms of income is large (the average income of developing countries is only 6 per cent of the industrialised countries) the human gap has been narrowing. Average life expectancy in the developing countries is 80 per cent of the average of industrialised countries, adult literacy 66 per cent and nutrition 85 per cent.

How do these countries fare in human development? Where does South Asia stand in comparison to other developing regions in terms of human progress? In this section we will attempt to examine these and other dimensions of human progress by focusing on the three critical human choices- longevity, knowledge and standard of living.

2.4.1 Knowledge: Education in South Asia

Education is no longer an achievement of the individual but the basis of one's existence. There is clear evidence that education leads to many social benefits, such as improvements in the standards of hygiene, reduction in infant and child mortality rates, decline in population growth, etc. Education therefore acquires a core position in the overall framework of human development and is used as a proxy for knowledge.

Education is also important because it directly contributes to economic growth. In the present context of rapidly globalizing world, education (knowledge and skills) is also necessary to compete in global markets. In this context, South Asia presents a dismal picture. With nearly half of the world's adult illiterates, South Asia is the most illiterate region in the world.

In the last three decades, the rate of adult literacy has increased from 32 per cent in 1970 to 54 per cent in 2001. The region has made considerable progress in providing education to its citizens during this period and both the gross enrolment rates and enrolments at secondary levels have registered a rapid growth.

However, the absolute number of illiterates in the region during the same period has increased from 366 million to over 600 million suggesting that the literacy rate has not kept pace with the increase in population. South Asia still has the world's largest illiterate population. Further, there are variations among the countries of the region. While Maldives and Sri Lanka always performed well, registering adult literacy rates of well over 90 per cent, Nepal and Bangladesh lagged behind with low literacy rates of 40 per cent.

The general apathy towards female education is one of the biggest shortcomings in human development in the region. With over 60 per cent of the female population illiterate, South Asia, along with the Arab states, has the highest number of adult females. Efforts made to correct this disparity in the 1990s, have not reduced the educational gaps between girls and boys. While enrolment of girls at the primary level has improved, their drop out rate at the secondary levels of education has remained quite high. It indicates that after primary schooling most of the girls (especially rural or belonging to poor families) either get married or work as child labour which forces them to abandon education. Only for Sri Lanka and Maldives the female secondary school enrolment rate is somewhat respectable but not 100 percent. A significant female drop-out rate at secondary level jeopardizes the process of human development. Most of the poverty-related problems are directly associated with female illiteracy.

The HRD Reports indicate that compared to other developing regions of the world, the level of public investment in education in South Asia is low and has barely kept pace

with the rising population. During the 1990s, public expenditure on education in India, Sri Lanka and Nepal has been little over 3 per cent of the GDP, while it has remained at 2 per cent in Bangladesh and less than 2 per cent in Pakistan. The decomposition of public expenditure on education across South Asian countries shows that Pakistan spent the most on primary levels of education, Bangladesh on secondary education and Nepal on tertiary level. In May 2003, at a ministerial conference of South Asia on Education for All, the countries of the region have committed to increase allocation to 4 per cent of their GDP.

2.4.2 Longevity: Status of Health, Nutrition and Sanitation

Human life is the most precious and long life is priceless amongst all human achievements. It is both the means as well as the end. Longevity is closely associated with adequate nutrition, good health and personal safety. In calculating the HDI, life expectancy at birth is therefore used as a proxy for longevity.

Life expectancy in South Asia is low, second only to Sub Saharan Africa. However, there has been a gradual increase in the life expectancy at birth. South Asians are expected to live a little longer as the life expectancy for the countries of the region ranged between the high of 72 years in Sri Lanka to low of 59 years in Nepal. While there are multiple reasons for this, a general improvement in health systems of the region is a major factor. Data collected by the HDR suggests that although there was no increase in the public expenditure on health services (with only one per cent of the GDP being spent on health), more than 75 per cent of the population had access to health services. Improved access to health services was reflected in the marked increase in the coverage and spread of child immunization programmes. While only a small percentage of the population in the region was immunized in the 1980s, all countries in the region made remarkable progress in the immunization programmes against deadly diseases like TB and DPT.

Improvements in health services is also reflected in the decline in infant death from 97 death for every 1000 in 1990 to 67 infant deaths in 2000. Even among the under five year old children, mortality rates have declined from 147 to 95 deaths for every 1000. However, the number of maternal deaths at the time of child births are much high in the region. The main reasons for this are low levels of female literacy, low marriageable age of women, preference for male child and poverty. The non-availability of adequate health facilities at the time of child delivery, especially in remote rural areas also increases vulnerability of maternal deaths. Most of the births (more than 80 per cent) take place without the attendance of skilled health staff. Only Sri Lanka and Maldives have adequate number of trained health personnel at the time of child birth. High mortality rates of women at child birth and children below five years of age is related to malnourishment, unhygienic conditions before and after the child birth, neglect of female child, etc.

The daily calories intake per head in India, Pakistan and Sri Lanka is satisfactory but for the remaining nations it is below the standard. Overall, the daily calorie supply of 2379 in the region is less than the average for developing countries at 2663. The deficiency in calories intake adversely affects the working capacity of people, both physical and mental. A large chunk of population in the entire region is under nourished, i.e., either they survive on inadequate food or quality of (intake) food is below standard. The under-nourishment and malnourishment hampers the workability of the people. Lower workability is associated with lower productivity and lower income which intensifies the vicious circle of poverty.

Another area related to health is access of population to safe (drinking) water and sanitation. About 12 percent of the population mostly living in rural areas of South Asia do not have access to safe water. The non-availability of safe water many times spread water-bound diseases and causes epidemic, particularly during rainy season.

The condition of availability of adequate sanitation facility to rural population is worse than safe water. Only 37 per cent of the population of the region has access to sanitation facilities. It is only 15 per cent in India. Only Sri Lanka and Bhutan have adequate sanitation facilities for most of the rural masses. Lack of adequate sanitation facilities often poses serious threat to the health of the people and women are the worst sufferers.

2.4.3 Decent Standard of Living

Income is an important measure to determine the choices available to people. Adequate income is necessary for gaining command over resources, including education and health. This not only makes people more productive but gives them access to opportunities to improve their lives. Purchasing power-adjusted per capita GDP is therefore used as a rough measure to capture the resources at the disposal of people and the choices that are available to them.

In this context, the people in South Asia have limited choices as the GDP per capita calculated on the basis of people's purchasing power is low: it was only \$ 2238 in 2000, much lower than the average for developing countries at \$3783. The only other region which is poorer than South Asia is Sub-Saharan Africa. However, within the South Asia region, there are variations in the levels of income. At the beginning of the new millennium, Maldives and Sri Lanka had higher levels of income (\$ 4485 and \$ 3530) and Nepal, Bhutan and Pakistan had the lowest incomes (\$1327, \$1412 and \$1928 respectively). Significantly, India had lower levels of income as compared to Pakistan at the beginning of the 1990s. But by the end of the decade, India's real GDP per capita levels (\$2358) surpassed that of Pakistan (\$1928) because of a high and sustained economic growth.

As stated earlier, GDP per capita gives a rough measure of the choices available to the people. Equally important is how that income is distributed. Here, the performance of the region has been depressing, with the gap between the rich and the poor widening in the 1990s. The Human Development in South Asia for the year 2002 noted that "the richest 20 per cent of the population of all countries of South Asia on average had around 41 to 46 per cent share in income, whereas the poorest 20 per cent of the population had roughly 8 to 10 per cent of the income share".

South Asia is characterised by much disparity between the genders in terms of income. Official statistics in South Asia show women's economic participation as a mere fraction of that of men. As the majority of South Asian women work in the informal sector and as unpaid family helpers, their work goes unrecognized in national systems of accounting. South Asian women's real GDP per capita at US \$874 is lower than any other region in the world, including sub-Saharan Africa.

2.4.4 Gender Discrimination

Women, on the basis of gender, have always been discriminated in almost all societies of the world. But, discrimination against women in South Asia is far worse than in most other developing countries and is perpetuated by the deeply embedded system of patriarchy. As we noted in the above sections, right from their childhood, women are deprived of an equal access to education, health care, nutrition, and even the basic economic right of earning a living.

The Human Development in South Asia report of 2000 observed that discrimination against South Asian women begins at, or even before, birth. Female foeticide and infanticide, neglect of health, and gender-biased feeding practices combined with heavy work burdens: all are manifestations of son preference and the patriarchal structures which prevail across the region. South Asia has one of the most distorted sex ratios in the world—there are only 940 females for every 1000 males. (The global average is 1060 females per 1000 males.)

Note: i) Use the space given below for your answer.

ii) Check your answer with the model answer given at the end of the unit.

- 1) Examine the status of female education in South Asia.

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- 2) How is the present condition of health, nutrition and sanitation in South Asia?

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2.5 LET US SUM UP

We have seen the concept of human development has emerged as an alternative to the conventional development theories which focused narrowly on economic growth. Focusing on people, their well being, their needs, choices and aspirations, human development is a human centred approach towards development. This paradigm, which has gained wide acceptance in the last decade or so, has expanded the meaning of development beyond economic growth. Development is seen today as a process of both quantitative change and qualitative growth.

As we saw, the human development of countries in South Asia, with the exception of Sri Lanka, is disappointing, South Asia remains one of the most populated regions of the world. The region is predominantly agrarian, with 70 percent population living in rural area. The rural people are either surviving on subsistence agriculture or on casual employment. Over 35 percent of population of the region is living under poverty conditions. The prevalence of adult illiteracy, non-availability of primary health and sanitation facilities, discrimination towards female population in all spheres of life, corrupt or inefficient governments are some of the causes of low achievement on human development. For moving on faster growth path of human development the region needs to address gender related problems (i.e., about female population) on priority basis. Similarly, there is urgent need to achieve higher economic growth rate.

2.6 KEY WORDS

Functionings, capabilities and freedom: The functionings of a person refer to the valuable things that the person can do or be (such as being well nourished, living long and taking part in the life of a community). The capability of a person stands for the different combinations of functionings the person can achieve. Capabilities thus reflect the freedom to achieve functionings. In that sense, human development is freedom.

Gender-related development index (GDI): The GDI measures the achievements in the same dimensions and using the same variables as the HDI does, but takes into account inequality in achievement between women and men. The greater is the gender disparity in basic human development, the lower is a country's GDI compared with its HDI. The GDI is simply the HDI discounted, or adjusted downwards, for gender inequality.

Gender empowerment measure (GEM): The GEM indicates whether women are able to actively participate in economic and political life. It measures gender inequality in key areas of economic and political participation and decision-making. The GEM,

Human poverty and income poverty: Human poverty is defined by impoverishment in multiple dimensions—deprivations in a long and healthy life, in knowledge, in a decent standard of living, in participation. By contrast, income poverty is defined by deprivation in a single dimension—income—because it is believed either that this is the only impoverishment that matters or that any deprivation can be reduced to a common denominator. The concept of human poverty sees lack of adequate income as an important factor in human deprivation, but not the only one. Nor, according to this concept, can all impoverishment be reduced to income. If income is not the sum total of human lives, lack of income cannot be the sum total of human deprivation.

Human poverty index (HPI): The HPI measures deprivations in human development. Thus while the HDI measures the overall progress in a country in achieving human development, the HPI reflects the distribution of progress and measures the backlog of deprivations that still exists. The HPI is constructed for developing countries (HPI-1) and for industrialized countries (HPI-2). A separate index has been devised for industrialized countries because human deprivation varies with the social and economic conditions of a community, and to take advantage of the greater availability of data for these countries.

2.7 SOME USEFUL BOOKS

Asian Development Bank. (Various years) *Asian Development Outlook*. Manila, Philippines.

Fukuda, Sakiko and Shiva Kumar. (Ed.) (2003). *Readings in Human Development Delhi*, Oxford University Press.

Haq, Mahbub ul. (1995) *Reflections on Human Development*, New York. Oxford University Press.

Mahabub ul Haq Human Development Centre. (various years) *Human Development in South Asia*, Karachi. Oxford University Press.

Sen, Amartya. (2000) *Development as Freedom*. New York. Random House.

United Nations Development Programme. (Various) *Human Development Report*. Years. UN. Geneva.

2.8 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) Material welfare and..... terms of per capita or aggregate income
- 2) Equity, Sustainability, Productivity, and Empowerment.
- 3) Longevity, Knowledge and Decent standard of living.
- 4) State has a crucial role in human development. It has to formulate and implement policies aimed at strengthening the human capabilities of all the population. Its role in ensuring a fair distribution of opportunities is crucial. Further, the state has to ; in creating active policies to ensure market work with equity as well as efficiently; and in encouraging the formation or strengthening of local institutions that provide opportunities for participation and empowerment in a whole range of activities and services.



- 1) Compared to other developing regions, South Asia has lower levels of investment in education. Female education is a neglected area in the region. Whereas the overall level of literacy is 54 per cent, female literacy levels are lower than 40 per cent. In the 1990s, enrolment of girls at the primary level has improved, but their drop out rate at the secondary levels of education has remained quite high. Sri Lanka and Maldives however had respectable number of females enrolled in secondary schools. A significant female drop-out rate at secondary level jeopardizes the process of human development. Most of the poverty-related problems are directly associated with female illiteracy.
- 2) The overall health conditions and level of nutrition and sanitation is not very encouraging in South Asia. There is high fertility rate as well as high mortality rate. Most of the child births take place without proper medical facilities. The cases of malnourishment are rampant. Particularly the health situation in rural South Asia is very discouraging. No adequate attention is paid to female children in the matter of nutrition and medical care. The bias towards male child and negligence of female child is almost prevalent in the entire region. Access to sanitation facilities and safe drinking water has improved in urban area but the rural area is neglected. It means about 70 percent (rural) population of the region live without adequate basic facilities.

UNIT 3 INDIA IN THE GLOBAL POWER STRUCTURE

Structure

- 3.0 Objectives
- 3.1 Introduction
- 3.2 Global Power Structure
- 3.3 India's Geopolitical Position
- 3.4 India's Power Capabilities
- 3.5 India: A Rising Power
- 3.6 Let Us Sum Up
- 3.7 Some Useful Books
- 3.8 Answers to Check Your Progress Exercises

3.0 OBJECTIVES

There is ambiguity about India's position in the global power structure. This arises from the fact that India neither commands a subject role in international politics nor is it a minor power. This unit seeks to analyze the changing position of India in the global power structure. After going through this unit, you should be able to:

- Identify the features of global power structure;
- Identify the fundamental constituents of national power;
- Describe the changes in the global power structure, and
- Describe the position and potential of India as a major power

3.1 INTRODUCTION

International political system, since its inception in the 17th century, is organised on the principle of sovereign equality of the states. In actual practice, the hierarchy of power structure renders this equality of states a myth. However, as some of the ingredients of power capabilities, the economy and society are under constant change, the position of a state in the power hierarchy is subject to change. A nation which is an enslaved country at one span of time could emerge as a major power at another period of time. This unit seek to analyse the position of India in the global power structure by examining the country's hard power and soft power capabilities. Before we do so, it will be useful to identify the features of the present global power structure.

3.2 GLOBAL POWER STRUCTURE

An important feature of the international political system is that it has been a near oligarchy of major powers. All other powers (the minor powers) are consigned to the role of objects of the decisions of the major powers. Though the global political system is organised on the principle of sovereign equality of states, in actual practice, there is a hierarchy of states based on their power capabilities. Power is the strength or capacity of state to exert its influence on other state or states. The power of a state is generally judged by its military capability, economic strength and its will and capacity to mould international opinion in its favour.

While there is no agreement on the relative importance of various elements of power, Joseph S Nye suggests a broad categorisation of the elements of power into hard and soft power resources. Hard power resources are military, economic, technological and demographic resources. These are the tangible resources which provide the capabilities for coercion and command. Soft power resources, on the other hand, are intangible. They include, norms, leadership role in international institutions, culture, state capacity, strategy, and national leadership. The soft power resources enable the state to inspire consensus (agreement) and to co-opt (persuade others to share the same goals). Soft power is less coercive in nature. Some soft power resources, such as state capacity, strategic or diplomatic strength and quality of national leadership are important in converting a state's latent capabilities into actualised power.

Major Powers have all the ingredients of power which enables them to determine whether in conflict or cooperation, the nature of international system and its future development. They have the power to influence all other states in the international system as they have the capacity to project power globally and conduct offensive and defensive operations beyond their regions. Typically, major powers hold global or continental interests and their security goals are beyond territorial defence, and include the maintenance of balance of power and order in international system. States which lack most of these resources are Minor Powers, vulnerable to pressures from major powers.

In between the major powers and minor powers are another category of states which are independent centres of power (or system influencing states) which do not have the leverage to influence the course of the international system as a whole, but possess sufficient capabilities to have a considerable degree of foreign policy autonomy and the capacity to resist the application of unwelcome decisions, especially in the realm of security, in their own regions. Unlike the major powers which have system wide or global influence, these independent centres of power are often dominant or pre-eminent in a certain region. They are mostly referred to, in Martin Wright's terms, as great regional powers or as Middle Powers in view of their status as lying in between major and minor powers.

Another important feature of the international political system is that it is dynamic, that is, is under constant change. This is not only because some of the ingredients of powers (discussed below) are subject to change but, as the realists point out, also because of the constant struggle for power among the major powers. Since the international system came into being in the 16th century Europe, it has witnessed the rise and fall of major powers. This process occurred largely through major wars that engulfed several countries in many theatres of the globe. The winners with the necessary military and economic attributes were accorded major power status in the post-war settlements, while the vanquished in most instances lost such status altogether. Thus, by the 18th century, Spain, Portugal and the Netherlands lost major power status following their defeat in wars or loss of colonial empires. Austria-Hungary lost the status of a major power after the World War I. Germany and Japan were replaced by China as a major power after World War II. The United States, Soviet Union, Britain, France and China, which emerged victorious in that war were accorded major power status and became the five permanent members of the Security Council of the United Nations. Strictly speaking, only the two superpowers, the United States and the Soviet Union, could be considered as major powers during the Cold War period. The other three—Britain, France and China, which never had the global reach of the superpowers, are in essence, second tier major powers.

The global power structure in the post-war years has undergone significant changes. Initially, the Cold War conflict between the two superpowers gave rise to a bipolar power structure. Most nations had little option other than to join or side with one or the other of the superpowers. However, this situation could not continue for long as the United States weakened its position because of prolonged engagement in Vietnam. The global power structure started heading towards a multi-polar order dominated by the United States, Soviet Union, Europe, Japan and China. However, before such arrangement could consolidate, the Soviet Union disintegrated. The United States emerged as the sole state deserving of the appellation 'mono superpower' as a possessor of systemic capabilities and influence. The other possible contenders for the role remained simply as either

incomplete powers (Russia, China, Japan) or subordinate military allies of the US (Japan, Europe). Their strategic significance for now lies in their possible emergence in the not too distant future as superpowers.

3.3 INDIA'S GEOPOLITICAL POSITION

Right from its inception as a modern state, if not before, India has seen itself as a potential major power. Such an image emerged not only from the fact that India has been a seat of historic civilisation and recognition of its potential economic and military strengths but from the geopolitical factors as well.

India is located in the Indian subcontinent, which constitutes a single geopolitical fortress, bound by the Himalayas in the north and the Indian Ocean in the south. In addition, although divided into seven states of South Asia, the subcontinent constitutes in some measure a single civilization complex. It is a geopolitical unit of massive dimensions, comparable to Europe. Its location, lying astride the Indian Ocean and flanking the Persian Gulf and the Straits of Malacca, bestows the region with strategic significance.

The South Asia region as a whole is patently indo-centric, not only in the sense that India is located at the centre of the region, but also because India almost constitutes the region, holding three quarters of its territory and population. Within the region, India is singularly central to the geopolitics of the region, as all of the other countries in the region share borders with it but not with each other.

India's predominant position in a largely well defined and self contained Indo-centric geopolitical region also meant that threats to its security emerged from outside the region, from the major powers, rather from other powers within the South Asia region. As a consequence, India is led-much as the US in the western hemisphere-to a conception of national security which requires the exclusion of external powers from the subcontinent. Its conception of security is thus not simply national, but geopolitical and regional. However, such a conception of security necessarily entails interaction with other regions as a major power; role extension on the world scene is thus built into India's dominant position in the region.

The image of India as a potential major power which was shared by the Indian elite meant, as Jawaharlal Nehru informed the Constituent Assembly in 1948, "the inevitability of India playing an important part by virtue of her tremendous potential, by virtue of the fact that she is the biggest political unit in terms of population today and is likely to be in terms of her resources also". Nehru and his successors rejected status for India as an object of the major powers in favour of the role of a subject.

India's self image as a potential major power and the domestic and foreign policies aimed at realising that potential cast India in a revisionist role, for the underlying assumption is that the present global structure of power dominated by a few is to a certain degree unacceptable because it impinges on India's independence. This assumption was firmly held, even if unstated, by Nehru and his successors. This was manifest in both the domestic and foreign policies- in the development strategy that emphasised self-reliance and strengthened hard power capabilities and in the non-aligned foreign policy that emphasised independence and activism in world affairs. It is also evident in its refusal to accept the hegemony of the major powers and in its resistance to the efforts of the major power to foreclose its options to emerge as a nuclear power by refusing to join the Non-proliferation treaty and similar other security regimes.

India, however, has not pushed its revisionist role to the point of assuming the role of a full-fledged rebellious power. It has avoided direct confrontation with the major powers and provided a more or less limited challenge to the major powers in their attempts to organise the world according to their own designs. India, thus, has been a reformist and middle of the road power, whether at home or abroad.

Just as there is a tenacious drive apparent on the part of India to acquire major power role, there is an equally a powerful resistance to it on the part of the existing major powers, principally the US and, in the recent years, China. In the early years, concerned that India's activist role would circumscribe its influence in the developing power, the US adopted a policy of regional containment of India. This containment policy involved the building up Pakistan militarily and siding with it in the South Asian regional conflict. It also involved the denial of material and technological assistance that could contribute to India's hard power capabilities. Since the 1970s, particularly after India demonstrated its nuclear capability by detonating a nuclear device in 1974, the major powers have evolved a sanctions regime aimed at denying all technologies that might contribute to India's nuclear and missile capabilities. In the post-Cold war period, the US intensified its efforts to institute a nuclear non-proliferation regime that would preserve the nuclear monopoly of the five major powers while denying it to emerging powers such as India. China's policy towards India has also been one that of containment. Since 1963, China has actively sided with Pakistan in the latter's conflict with India and has cooperated with Pakistan in building its nuclear and missile capabilities by supplying technology, components and materials.

Check Your Progress 1

Note: i) Use the space given below for your answers.

ii) Check your answer with the model answer given at the end of the unit.

- 1) What are soft power resources?

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- 2) Identify the characteristic features of a major power. How do middle powers differ from them?

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- 3) How have the major powers sought to contain India's power projection capabilities?

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3.4 INDIA'S POWER CAPABILITIES

There is ambiguity about India's position in the global power structure. This arises from the fact that India is a middle power. It does not belong to the major powers which command a subject role in international politics and make vital decisions about the fate and destiny of the international system. Nor is it, one of the minor powers which, with limited foreign policy autonomy, an object of the decisions of the major powers. What is the objective status of India? Where does it stand in comparison to the existing major powers (US, Russia, China, UK and France) and major economic powers (Japan and Germany)?

China and the United States. Moreover, its capabilities for long range or rapid deployment are limited relative to the five major powers. India's power projection capabilities are limited by the need to provide active defence on two fronts—one with the smaller but determined adversary, Pakistan and the other with the major power in the north, China.

In terms of economic power, India, as it stepped into the new millennium, has emerged as the fourth largest economy in the world in Purchasing Power Parity, next only to US, China and Japan. However, its GNP is only \$ 450 billion, and with a per capita income of only \$450, India ranks low compared to any of the major powers. About 300 million of its population, that is, 30 percent of the population, lives below the poverty line. Even in terms of economic competitiveness, in the year 2000, India ranked forty-ninth. India's weak economic position is critical because other elements of power, such as military capability and the productivity of the population, tend to increase largely along with economic advancement.

In terms of population size, India is next only to China. But, population is both an asset and a curse for India. Its state of Uttar Pradesh (176 million) holds more population than that most of the major powers, Russia (147 million), UK (59 million), and France (59 million). India's middle class, which is estimated to be around 300 million and pool of scientific manpower which is the third largest in the world, is definitely an asset, especially as all the major powers (barring China) are likely to depend on the Indian human resources because of their falling birth rates and ageing population. However, India's large numbers of unskilled and illiterate people are a bane for the country's power capability.

It is difficult to draw comparisons with regard to soft power indicators as these are intangible. Soft power resources complement hard power resources and in the increasingly interdependent world, their importance as low cost means for exercising and preserving a state's power externally is becoming important.

Major Powers use norms to legitimise their international status. In this regard, India's normative influence has been reasonably high in the developing world. India has been a consistent voice on behalf of the developing countries. As a leader of the non-aligned movement, it has championed global equality and new international economic order. This stance has been manifest in India's positions at the international trade talks and in the United Nations forums such as the UNCTAD. Further, India's own track record as a democracy also enhances its normative power.

Major Powers use institutions to legitimise their position. In this context, India has been an active member of several international economic institutions and regimes. It has exercised institutional power from time to time, through its leadership in G-77, G-20 and the non-aligned group. Its contribution to the UN peacekeeping efforts since the early 1950s also enhance its institutional influence.

India, however, ranks low in other sources of soft power such as state capacity, strategy and national leadership. Indian state has been unable to develop adequate strength to generate loyalty and discipline among its population. In the 1960s, India was even described as a 'soft state' because of its failure to enforce enacted policies. In the area of strategy and diplomacy, India's record has been mixed. While the anti hegemonic theme of its diplomacy helped in establishing a role in the global institutions, forging third world solidarity and helped in bargain on North and South issues, it alienated the US and the Western countries, which attempted to contain and balance India by propping up a weaker Pakistan. National leadership, important to translate other power resources into international influence, also has been a mixed bag. In the early years after independence, India's international influence has been mainly because of the commanding leadership of Jawaharlal Nehru. Though India became inward looking after the reverses in the 1962 Sino India war, Mrs Indira Gandhi did exert some influence overseas.

3.5 INDIA: A RISING POWER

In the post-Cold War period, India is seen as a rising power for two important reasons. First, its hard power capabilities, while lagging behind those of the major powers, are appreciably higher than those of the other regional powers such as Brazil, Indonesia, Iran, Pakistan, Nigeria and Egypt. The Indian middle class of 300 million is much larger than the population of Indonesia (207 million) and Brazil (168 million), the two largest regional powers. And none of these regional powers hold aggregate raw military capabilities compared to India. In the economic sphere, India has the largest economy, except that of Brazil, though in per capita dollar terms, all regional powers, with the exception of Nigeria and Pakistan, rank above India.

Secondly, India is changing rapidly and is strengthening its position in almost all indicators of hard power capabilities, though the level of improvement varies from one area to another. In the early 1990s, faced with liquidity crisis, India opened up its market and integrated with the world economy. Since then, its average annual growth rate has been over 6 percent. And as its expanding market has become an attractive site for foreign investors and exporters, India has acquired a great degree of self confidence in emerging as a major economic player, at least in niche areas such as information technology, biotechnology and related area. India has already begun to see its large and expanding market as the foundation for encouraging regional economic cooperation in the subcontinent and beyond. In the 1990s, in an effort to foster closer economic relationship within the South Asia region, India has replaced the concept of reciprocity in economic cooperation with its neighbours with 'more than reciprocity'. India's aspirations extended beyond the South Asia region, and it became an active promoter in 1997 of the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC). It also became a full dialogue partner of with the ASEAN Regional Forum. While these moves are primarily economic in orientation, they are likely to have strategic implications in the long run.

In the military domain, India's power projection capabilities beyond the region are rapidly increasing as a result the consistent support lent by different governments to the Integrated Missile Development Programme which was launched in the early 1980s. This programme has resulted in the development of a range of ballistic missiles, including the Agni I missile with a range of 1500 km in the 1990s. The programme has plans to develop longer range version of the Agni missile as well as an intercontinental ballistic missile. With these, India's military reach is set to increase to cover the Far East, West Asia, and Central Asia as well as Australasia. India has already successfully produced a long-range, cruise missiles in a coproduction arrangement with Russia. By far the most significant development that enhanced India's position in the global power structure is its decision to go nuclear in May 1998.

India's defiance of major powers in its decision to conducted underground nuclear tests and emerge as a nuclear weapon state followed from its efforts to overcome the challenges in the strategic arena- the collapse of the Soviet Union and with it the special Indo-Soviet relationship, the intensified efforts of the major powers to strengthen the non-proliferation regime to retain their monopoly over nuclear weapons and foreclose India exercising the nuclear option, and the US negligence of the Chinese transfer of nuclear and missile equipment and technology to Pakistan. The major powers, rightly perceived in the nuclear tests, along with India's declaration that it now stood as a nuclear weapon state, a challenger to their hegemony.

The first reaction of the major powers was to condemn the nuclear tests. Several of them sought to isolate India politically and to punish it economically through sanctions, suspension of economic aid, and denial of loans from international financial institutions. Confident that its economy had the resilience to withstand economic pressures, India remained unrelenting. Soon differences surfaced among the major power as to how to deal with India. Russia and France left no doubt, by word and deed, of their different approach through opposition to sanctions and political ostracism. France's posture emerged

these circumstances, the US initiated a strategic dialogue with India. The result was a tacit and partial accommodation on the part of the US to India as a de facto nuclear weapon state, even as the US formally remained committed to its ultimate aim of nuclear non-proliferation. Other major powers, barring China, have initiated strategic dialogue with India. China is most adversely affected by India's rise to a nuclear weapons power, as it could end China's unhindered hegemony over Asia. It was most critical of the Indian tests and irritated by the US dialogue with India, but it too has come round to establishing normal relations with India and even engaged in a security dialogue with it. Thus, within two years of the tests, there was a sea change in the treatment of India by major powers. The nuclear tests have increased India's political and diplomatic bargaining power with the other major powers, as evident in the strategic dialogues that it has begun to engage in with all the major powers. India is now also taken seriously, even if not universally, as a candidate for the major power status.

Having repositioned itself from being a middle power in the international system to become a candidate major power, India has been working towards achieving permanent membership for itself in the restructured Security Council of the United Nations. For quite some time now, there has been a demand to restructure the UN Security Council to reflect the changes in the global power structure. In this context, the acquisition of permanent membership in the Security Council will dramatically improve the Indian power position in the global power structure. As we noted earlier, institutions have been a source of soft power capabilities. Established powers have often used institutions to legitimise their position. Rising powers such as China have also been increasingly using institutions in order to further their power ambitions. India already exercises institutional power intermittently through its leadership in G-77, G-20 and the non-aligned group. Its contribution to the UN peacekeeping operations also provides India with some institutional influence. By any possible benchmark for membership, India's claim for a UN seat is the strongest among the contenders like Japan, Germany, Indonesia, UAE, Brazil etc.

Check Your Progress 2

Note: i) Use the space given below for your answers.

ii) Check your answer with the model answer given at the end of the unit.

1) Why is India regarded as a rising major power?

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3.6 LET US SUM UP

We have seen that the international system is based on the doctrine of sovereign equality of states, though in practice an oligarchy based on differentiation in power dominates the political structure. However, the international power structure is dynamic, as the elements of power are constantly changing. The ambiguity about India's position in global powers structure arises from the fact that India is middle power, not having sufficient hard and soft power resources to influence the international system, but at the same time, not lacking in these resources to be a object in international politics.

As we saw, over time, India has developed its hard power resources, that is, its economic, military and technological resources. Complementing these resources with soft power capabilities, India was successful in repositioning itself as a major power candidate.

However, India has yet to overcome some internal and external hurdles to claim major power status. India has yet to overcome the economic obstacles and consolidate

its society. Externally, it has to successfully deal with the containment efforts of the major powers and the find a legitimate place in international institutions of governance.

3.7 SOME USEFUL BOOKS

Bajpai, Kanti & Amitabh Mattoo (eds.). (1996). *Securing India: Strategic Thought and Practice*. New Delhi: Manohar Publishers.

Harrison, S Selig & Geoffrey Kemp (eds.). (1993). *India and America after the Cold War*. Washington DC: Carnegie Endowment for International Peace.

Nayar R Baldev & T V Paul. (2003). *India in the World Order: Searching for Major Power Status*. Cambridge: Cambridge University Press.

Perkovich, George. (1999). *India's Nuclear Bomb: The Impact on Global Proliferation*. Berkeley: University of California Press.

Poulose, T.T. (1996). *The CTBT and the Rise of Nuclear Nationalism in India*. New Delhi: Lancers Books.

Sardesai, Damodar & Raju G C Thomas (eds.). (2002). *Nuclear India in the 21st Century*. New York: Palgrave.

Singh, Jaswant. (1998). *Defending India*. New York: St. Martin's Press.

3.8 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) Soft power resources are the intangible resources such as norms, leadership role in international institutions, culture, state capacity, strategy, and national leadership. Soft power capabilities are less coercive and enable the state to inspire consensus (agreement) and to co-opt (persuade others to share the same goals).
- 2) Major Powers have command, most, if not all, the elements of power. They have the will and capabilities to determine the nature of international system. In other words, they have global or continental interests and their security goals are beyond territorial defence, and include the maintenance of balance of power and order in international system.

Middle powers, on the other hand, are often dominant or pre-eminent in a certain region. They do not have the leverage to influence the course of the international system as a whole, but possess sufficient capabilities to resist unwelcome decisions of the major powers.

- 3) Middle powers are the potential challengers of hegemony of the major powers. Major Powers therefore, seek to contain the influence of middle powers within the region. India's aspirations for major power status have been checked by containment policies adopted by the US and China. Both these powers have not only built up Pakistan's military capabilities but also sided with it in the South Asian regional conflict. The US, in addition, sought to check the growth of India's military and industrial capabilities in the guise of strengthening the non-proliferation regime.

Check Your Progress 2

- 2) India is seen as a rising power for two important reasons. First, its hard power capabilities, while lagging behind those of the major powers, are appreciably higher than those of the other regional powers. Secondly, India is strengthening its position in almost all indicators of hard power capabilities, though the level of improvement varies from one area to another.

UNIT 4 INDIA IN THE GLOBAL ECONOMIC ORDER

Structure

- 4.0 Objective
- 4.1 Introduction
- 4.2 Politics of Protection
- 4.3 Development through Global Trade
- 4.4 India turns Global
- 4.5 Liberalization
- 4.6 The Achievements of India's Liberalization
- 4.7 Challenges for Liberalization
 - 4.7.1 Internal Challenges
 - 4.7.2 External Challenges
- 4.8 Let Us Sum Up
- 4.9 Some Useful Books
- 4.9 Answers to Check Your Progress Exercises

4.0 OBJECTIVES

This unit deals with the politics of Indian economic policy. India pursued a policy of import substituting industrialization (ISI). India would import intermediate products for producing finished goods. High customs duties and other non-tariff barriers protected the Indian market. India decisively moved towards an export oriented development policy after 1991. This policy tried to promote Indian exports and allowed easier entry of foreign products into India. After going through this Unit you should be able to:

- Describe the import substituting industrial policy in India;
- Explain how countries benefited due to international trade;
- Explain why India moved towards export promotion after 1991;
- Describe the elements of India's liberalization; and
- Identify the challenges due to India's integration into the global economic order

4.1 INTRODUCTION

Import substituting industrialization (ISI) was adopted by most countries with a colonial past. The ISI strategy depended on the infant industry argument. It was considered essential to protect the home market for the Indian industrialists. Without such protection, it was felt that Indian industrialization would be destroyed by cheap imports. The Government of India had the choice between an export-led route to development by encouraging textile exports, and an import substitution route that depended on substituting imports of finished consumer goods with domestic production. The Second Five-Year Plan gave the verdict in favour of the inward-oriented route. The ISI model led to the development of a vast and diversified industrial and technological base, but it soon ran into trouble as the economic growth stagnated at the Hindu growth rate of 3.5 percent. The limitations of the ISI model of development ultimately forced the Indian government

to move toward export oriented growth. This unit examines how the efforts of the Indian government to overcome the limitations of the ISI strategy led to a shift towards export promotion policies, deregulation of the economy and the integration of the Indian economy with the international economy. The challenges faced by the Indian economy are also examined.

4.2 THE POLITICS OF PROTECTION

The ISI strategy adopted since the Second Five Year Plan was intended to protect the home market with high customs duties for finished products. An overvalued exchange rate made imports cheap but exports expensive. For example, let us assume that the market driven exchange rate is Rs. 50 = \$ 1, but India artificially kept the Rupee overvalued at Rs. 10 = \$ 1. Then a machine costing \$ 100 would be worth Rs. 5000/- in the first case, but only Rs. 1000/- in the second case. Case 2 with an overvalued Rupee with respect to the dollar would yield a cheaper machine than Case 1, where the Rupee was valued at the market determined rate. Imports of capital goods such as heavy machinery used in factories were necessary for import substitution, since India could not produce these goods. These imports benefited from the overvalued exchange rate. Import licensing was used to check the rush of cheap imports, except where imports were absolutely necessary for import substitution.

Private industry was controlled through industrial licensing. In certain sectors, only those industrialists who had licenses could produce goods. For example, if an industrial house had a license for making cars, only it could manufacture the car. Others had to secure a separate license to manufacture a car. Moreover, multinational corporations headquartered in foreign countries were discouraged from setting operations in India.

This system led to a situation that promoted bribes and corruption, which is also called rent seeking. With government regulations in opposition to market forces, firms incurred substantial costs to gain government favours. For example, if an industrialist wanted to import a machine, he or she needed a license. If the industrialist needed to manufacture something, once again he or she had to secure a license. All these licenses could easily be obtained by doing favours for political parties, politicians or government servants. The same expenditure could have been used to make the finished product better or cheaper. The Indian economy was frittering away substantial sums in the form of rents when such expenditure on productive investment could have made Indian goods competitive in the world market. Allocating resources to determine the size of the license involved making trips to New Delhi, locating an office there, and bribing officials. According to one study, the total value of rents generated in India from public investment, imports, controlled commodities, credit rationing and the railways in 1964 was estimated to be nearly Rs. 15, 000 million.

Private sector firms benefited from government involvement through regulations. The public sector would produce cheap inputs for the Indian private sector, which were subsidized by the government. If the public sector did not produce these inputs, they could be cheaply imported with the help of import licenses in the context of an overvalued Rupee. Private sector firms were funded largely by the government's financial institutions such as the Industrial Finance Corporation of India. Sometimes influential industrial houses produced more than their licensed capacity, something that the regulators would simply overlook. All this involved rents from industrialists to politicians and government officials.

Democracy and elections in India made politicians dependent on funds from domestic and foreign corporations. This produced a need-based relationship between the politician, the bureaucrat, and the industrialist. Government support for election funds is very limited. Even though political parties started filing tax returns since 1996, the amounts reported were conspicuously low. Since the 1980s, public sector and defence equipment deals have become a major source of election finance. In recent times,

portfolios such as defence and areas of privatization such as telecommunications have become important sources for generating a party's resources.

Corruption promoting import-substituting industrialization (ISI) negatively affected Indian productivity and competitiveness. A study found that the degree of clout of labour and industry in a particular sector played an important role in determining the degree of protection in that sector. The government subsidized bankrupt industrial units, which would never make profits. According to one study 17 out of 23 bankrupt industrial units were kept artificially alive through subsidized credit sanctioned by the Board of Industrial and Financial Reconstruction. All this contributed to a decline in India's productivity. Indian goods were expensive and of low quality by world standards. India's share of the manufacturing exports of all developing countries came down from 22.1 percent in 1962 to 3.4 percent in 1990. Its share in the manufacturing exports of the world was 0.54 percent in 1991 compared with 0.84 percent in 1962.

In 1980, low rates of economic growth, the loss of an election, and Chinese success with trade convinced Prime Minister Indira Gandhi of the need to promote exports. Various committees of the Government of India had also pointed the need for increased exports for financing India's development. But business interests still pursued ISI. The Federation of Indian Chambers of Commerce and Industry (FICCI), the leading industry organization, sought reduction in the duty on intermediate goods such as newsprint, cement, and caustic soda, but was not prepared to take on 100% export oriented units (EOUs) in the newly established free trade zones. It was tough to convert industry from manufacturers of low quality products for home consumption, to manufacturers of internationally acknowledged brands.

Prime Minister Rajiv Gandhi sought to fight government controls after coming to power in 1984. His reform efforts met with marginal success because of strong political opposition. However, a substantial section of bureaucracy and politicians became convinced of the need for policy change. Rajiv Gandhi had brought in Montek Ahluwalia from the World Bank into the Prime Minister's Office (PMO). In June 1990, Ahluwalia circulated a paper arguing in favour of customs duty reduction, freer entry of foreign investment, and, a variety of measures that would increase the competitiveness of Indian exports and improve the conditions for Indian consumers. India had to find a way of overcoming political obstacles in the way of policy change.

4.3 DEVELOPMENT THROUGH GLOBAL TRADE

East Asian countries, which were more backward than India in 1947, were growing faster than India and improving the quality of life of their citizens by participating in international trade. South Korea and Taiwan, which were relatively small countries, were among the first countries in East Asia that gave up import substitution and adopt trade promotion policies. Unlike India, they had no large internal markets to exploit, and were therefore heavily dependent on foreign markets for selling their products. South Korea followed the Japanese way of promoting large corporations, which strengthened international trade. Taiwan promoted smaller enterprises. Both nevertheless became heavily dependent on trade and grew at phenomenal rates. Whereas India was growing at about 3.5 percent per annum in the 1970s, these countries registered a growth rate of over 7 percent per annum.

China was the biggest surprise. China and the Soviet Union were two communist countries whose development policy was premised on opposition to trade, especially with the capitalist world. All this changed for China towards the end of the 1970s. China realized that it had lost the decade of the 1970s that Taiwan and South Korea had harnessed to promote its exports. Thereafter, Chinese policy too turned global. It began to attract massive inflows of export oriented foreign investment and began to export low technology commodities to Western markets. This development orientation has given China growth rates over 7% over a long period and a substantial trade surplus with the US.

The collapse of the USSR in 1991 and the debt crisis in Latin America in the 1980s lent further support to global trade as a viable route to development. The Soviet Union, which was the only country that could challenge the US militarily, had provided strong legitimacy to the ISI as a model of development. The decline and collapse of the Soviet Union because of the serious economic problems that it faced in the 1980s weakened the appeal of the ISI model. Latin American countries which had followed different versions of the policy of import substitution were confronted with high level of inflation and sometimes with balance of payments crises. With the appeal of the ISI model already weakened and with the IMF putting pressure on these countries to open up their economies, many Latin American countries increased their trade orientation.

4.4 INDIA TURNS GLOBAL

In 1991, India moved away from ISI towards trade-led growth (TLG) when the executive used the balance of payments crisis of 1991 to push trade oriented policy reforms. Prime Minister P. V. Narasimha Rao and Finance Minister (Dr.) Manmohan Singh of the Congress Party carved out the political and economic strategy for the transition.

Prime Minister Rao and Dr. Singh radically changed India's trade, industrial and financial policies at a time when industry's opposition to liberalization was minimal. The Gulf War had led to a temporary rise in the price of oil. The government's spending was in far in excess of what it could afford. Largely as result of the combination of these factors, India was faced with a foreign exchange crunch. In the early 1990s, India had resources only for about two weeks of imports.

Indian industry could not pursue import substitution without imports. They needed the International Monetary Fund's resources to fund the import of intermediate goods essential for ISI. They also underestimated the threat from foreign corporations and overestimated the benefits of deregulation of industrial licensing. The result was overwhelming support for liberalization by Indian industry between 1991 and 1993. Industry's opposition to the entry of multinationals and the demand for a "level playing field" was articulated only in 1993, by which time important trade promoting policy changes had already been initiated. Trade unions successfully opposed the IMF inspired policy related to the easy firing of inefficient workers, which is the key for industrial restructuring. They did not oppose the liberalization of imports or the entry of multinationals, or the delicensing of industry.

The pro-trade executive exploited this window of opportunity to rise above the politics of ISI mentioned above. Dr. Singh's budget speech of 1991 clearly laid out the problem of the low productivity of investments leading to unsustainable deficits in the Government's budget and in the trade account. While Dr. Singh handled the economic management, Prime Minister Rao deftly handled the political situation. Under their stewardship, India witnessed significant customs duty reduction, the encouragement of investment from foreign firms and individuals, industrial delicensing, devaluation of the Rupee, and, the full convertibility of the Rupee on the current account.

The pro-trade orientation was continued by the Bharatiya Janata Party (BJP) which came to power in 1996. As the cadres of the RSS, the apolitical ideological heart of the BJP were the famous proponents of the "swadeshi" or the self-reliance driven doctrine of economic management, many thought that the pro-trade orientation would end. The budget of 1998 which was a mild retreat towards ISI confirmed their fears. However, Prime Minister Atal Bihari Vajpayee and Finance Minister Yashwant Sinha portrayed the liberal face of BJP, against the more self-reliance oriented groups within the RSS and the Swadeshi Jagran Manch. They sustained the momentum of economic liberalization.

The BJP's losing elections in three states in the aftermath of the nuclear bomb blast, and the budget of 1998, was a setback for the supporters of ISI. Jaswant Singh's ascendance to the position of Foreign Minister was a clear assertion of Prime Minister Vajpayee's liberal outlook. Yashwant Sinha became convinced about the need for a trade-oriented

regime after the political setback of 1998. Finance Minister Jaswant Singh's Budget for 2003/04 maintained the pro-trade orientation. The major policy achievements of the BJP included the removal of all quantitative restrictions, deregulation of the insurance and telecom sectors, reduction in import duty, and, the initiation of public sector disinvestment.

Check Your Progress 1

Note: i) Use the space below for your answers.

ii) Check your progress with the model answers given at the end of the unit.

1) Describe import substituting industrialization in India.

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2) How did ISI hurt India's competitiveness?

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3) How did Indian economy get integrated with the global economy?

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4.5 LIBERALIZATION

India's economic policy was substantially liberalized after 1991. Liberalization implies a reduction in government intervention and free play of market forces at the national and international level. This section briefly describes changes with respect to industrial policy, tariff reduction, the removal of quantitative restriction, and full convertibility of the Rupee on the current account. India has made fairly liberal commitments in e-commerce and services. The foreign investment regime governing foreign direct investment, portfolio investment, and venture capital was liberalized to attract foreign capital.

Industrial Licensing

The policy-makers killed a number of bribing opportunities by abolishing industrial licensing. Industrial licensing had ensured that the government will decide which Indian

company will produce how much of a good for the large Indian domestic market. The domestic producer had an interest in obtaining licenses and increasing capacity, both of which were possible by obliging government officials and politicians. Innovation and efficiency was not the hallmark of Indian manufacturing industry, as rents to officials and politicians easily helped them secure advantages in the Indian market.

Tariffs, Quotas and Rupee Convertibility

India's abolishing all quantitative restrictions (QRs) two years ahead of the World Trade Organization's schedule on March 31, 2001, is a significant event in India's trade policy. Quantitative restrictions restrict trade with a certain country to a certain quantity, no matter what the demand may be. If India has quantitative restrictions that limit the quantity of imports of the photocopy machines from Japan to 1000, then Indians can buy only up to 1000 photocopy machines from Japan. The US had successfully challenged India's QRs in the WTO's dispute settlement proceedings on the grounds that India could no longer maintain them on balance of payments grounds. India lost the case in December 1998, and used international commitments to pursue domestic reform. The removal of QRs will boost retail trade in India. A. T. Kearney estimated that organized retailing will be a \$ 37 billion market in India.

Indian tariffs were reduced drastically. Industrialists depended on high customs duties to protect themselves against the low productivity and quality of Indian products. The simple average tariff came down from 125 percent in 1990/1991 to 35 percent in 1997/1998. The import-weighted tariff over the same period came down from 87 percent to 30 percent. India has entered the Information Technology Agreement that will bring down Indian tariffs on information technology goods to zero by 2005.

India entered into a textile agreement with the US and the EU in 1995. It removed fibres, yarns and industrial fabrics from the restricted list. Most textile exports of the US and the EU would gain free entry into India by 2005. In return, the US agreed to provide increased market access and a total phase out of quotas by 2005. The EU agreed to remove all restrictions on Indian handloom products, increase its quota by Rs. 3 billion, and completely phase out quotas by 2004.

Foreign exchange controls were relaxed. After 1991, the Rupee was steadily allowed to become fully convertible on all current account transactions by 1994. The market now largely determines the Rupee - Dollar exchange rate. Earlier, Indian industrialists had depended on an overvalued exchange rate, which made intermediate goods imports cheap but excessively dependent on import licenses and foreign exchange granted by the GOI. After 1994, the largely market determined exchange rate of the Rupee made imports expensive and exports cheap. The devaluation of the exchange rate increased the competitiveness of Indian exports.

Investment by a foreign company in India can lead to jobs, access to technology, and, better products. Low US interest rates in the 1990s saw the average FDI to emerging markets more than double from 1985 - 1990 (\$ 142 billion per year) to 1996 (\$ 350 billion). FDI began to trickle into India following a shift in the government towards foreign investment in the 1990s. The Foreign Exchange Regulation Act (1973) was amended to liberalize foreign investment in India. Automatic approval of foreign equity up to 51 percent is granted in 48 sectors. Foreign equity up to 74 per cent is allowed in many sectors and 100% foreign equity is allowed in some infrastructure areas such as ports and roads. Insurance sector, banking, telecommunications, and civil aviation have been opened up for foreign investment. India has signed bilateral treaties with countries like the UK, France, Germany and Malaysia, as well as a double taxation treaty with the US. It has become a member of the World Bank's Multilateral Investment Guarantee Agency from 1992.

Finance Minister Yashwant Sinha liberalized the taxation of venture capital funds with a view to establishing the Silicon Valley connection. Incubators, which are mostly non-profit entities, provide finance and infrastructure support to young entrepreneurs

at an early stage of commercial development. Venture Capital Funds do not need SEBI approval after the 2001 budget.

India's rising competitiveness in the software sector has resulted in the simplification of procedures regarding Indian companies accessing foreign funds, and the acquisition of foreign assets. The GOI has granted permission to Indian firms to freely raise resources via American Depository Receipts and Global Depository Receipts. These firms may spend up to 50 percent of the resources raised to acquire overseas companies.

The policy for *portfolio investment* has been liberalized. Portfolio investment relates to the investment of fund managers in rich countries who invest the savings of rich country citizens all over the world to earn the highest returns. Before 2000, foreign institutional investors (FIIs) were allowed to invest up to 24 percent of the equity of an Indian company. This could be increased to 30 percent subject to the approval of a company's board of directors and the passage of a resolution at the company's general meeting. The Union Budget of 2001 kept the equity limit for portfolio investment at 40 percent, subject to the approval of a company's board of directors.

In September 2001, the Reserve Bank raised the equity limit for foreign institutional investors in a sector to the equity limit permitted for foreign direct investment in that sector. Any participation in a company's equity above 24 percent will require the company board's approval. This implies that FIIs can theoretically invest up to 100 per cent equity in companies in sectors like power, oil, pharmaceuticals, software and hotels.

4.6 THE ACHIEVEMENTS OF INDIA'S LIBERALIZATION

Benefiting from the industrial and technological base created by the ISI, the economic reform programmes which opened up and integrated the Indian economy with the international economy have placed India on the fast track to becoming an important economic force. The results of India's liberalization have been impressive. India has recorded one of the fastest growth rates (annual growth rate of 6 per cent per annum) in the world between 1993 and 2000. Inflation was been controlled below the 5 percent level. At the decade's end, India's foreign exchange reserves were approximately \$ 40 billion and could cover nine months of imports. This was sufficient to weather a Gulf War type oil price hike without panic.

India emerged as a major software producer and one of the world's leading outsourcing locations. Foreign firms took advantage of the cheap availability of highly skilled manpower to carry out advanced research and development activities in India. India's exports of gems and jewellery grew more rapidly in the 1990s than in the 1980s. Gems and jewellery maintained its pre-eminent status in India's export basket.

Foreign Investment

Table 1: Foreign Investment in India
(Net inflows in US \$ billions)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Investment										
Direct	0.073	0.276	0.550	0.973	2.143	2.426	3.577	2.634	2.168	2.315
Portfolio (equity securities)	0.004	0.283	1.369	5.491	1.590	3.598	2.555	-0.601	2.317	1.619
Total	0.774	0.559	1.919	6.464	3.733	6.02	6.132	2.033	4.485	3.924

Foreign investment responded to the liberalized regime. The total stock of foreign investment was about \$ 2 billion in 1990. In 1997/1998 foreign investment inflows at \$

6.1 billion could finance a substantial proportion of India's \$ 6.5 billion foreign exchange deficit. In the early 1990s, the inflows were largely from portfolio investment. Foreign direct investment picked up after 1995. When portfolio investment dried up in the aftermath of the East Asian crisis, foreign direct investment had picked up. Portfolio investment picked up again from 1999.

India's success pales in comparison with East Asia's ability to attract foreign capital. In 1996, developing countries received \$ 130 billion worth of foreign investment. Of this, China received \$ 42 billion. FDI inflows accounted for about 25 percent of China's gross capital formation. By comparison India's inflows of \$ 2 to 3 billion per year accounted for less than 5 percent of India's domestic capital formation. Moreover, actual inflows in India have been about 20 percent of the approvals.

Despite that fact that the FDI inflow is relatively low and that the country's share in the international trade is relatively small, Indian economy is on the rise. Indian economy is already the fourth largest economy in the world today. Its growth rates are among the second and third fastest in the world, particularly in the fields of IT, telecommunications and business process outsourcing. A Goldman Sachs report ('Dreaming with BRIC's: The Path to 2050') states that among Brazil, Russia, India and China, India will grow the fastest over the next 30 to 50 years by leveraging its demographic advantages and through continued development. At its present rates of growth, the burgeoning market in the country "would be adding nearly one France every 3.5 years and one Australia every year".

4.7 CHALLENGES FOR LIBERALIZATION

4.7.1 Internal challenges

Major domestic challenges to liberalization still remain. Trade and competitiveness depend on the quality of physical infrastructure in the form of roads, ports and power. India is deficient in all these. Labour laws in India have negatively affected the manufacturing sector. India's fiscal deficit and the consequent impact on interest rates can have a deleterious effect on investment in infrastructure and other areas. India's states have become far more unequal in economic terms in the 1990s than they were in the 1980s.

Competitiveness in Manufacturing

Markets need to be well connected in order to reap the benefits of greater market orientation. *India's roads, ports, and airports* are in dire need of expansion and upgradation.

Second, the manufacturing sector suffers from the poor quality and quantity of electricity generation. India needs to increase *power generation* to 1 million megawatts. Frustrated with the government's electricity generation, India's large industrial houses are generating their own needs. There is rampant theft and virtually free electricity, which is being paid for by the government out of the taxpayer's pocket. This adversely affects the quality and quantity of power generation for those that are willing to pay. The case for reducing political intervention in power generation and distribution by enforcing a powerful and benevolent independent regulator is a strong one.

Third, India's *labour laws* make it very tough to fire anyone in the organized sector. Trade unions in India represent approximately 8.5 percent of India's skilled workers. Over 90 percent of the work force in the unorganized sector has no job security. Job security increases with a firm's size. The liberalization programme since 1991 has not been able to make a dent on job security of the privileged few. Low labour productivity in manufacturing sector due to the excessive job security for a minority of workers, has adversely affected domestic and foreign investment in export oriented manufacturing

The combined fiscal deficit of the Centre and the states at about 10 to 11 percent of GDP is cause for alarm. The fiscal deficit is government revenue plus capital grants minus government expenditure. The deficit has been rising steadily since 1992/93. This can generate a vicious cycle of rising debt, increased interests payments, and a fall in the growth of development expenditure in areas like health, education and infrastructure. Lack of government expenditure on physical and human resources will hurt India's competitiveness adversely.

Regional Inequality

Economic liberalization has provided the freedom to states within the Indian union to seek developmental resources on their own. The Centre's role as the provider of resources to the states declined, and states began competing for private investment. Better-governed states such as Karnataka, Andhra Pradesh, Tamil Nadu, Maharashtra and Gujarat could succeed in attracting more investment. What will happen to those like Bihar and Uttar Pradesh, which are not governed well and may therefore not lure investment in an era of liberalization?

The ability of states to lure private capital has increased the disparity among the performing and non-performing states. In the 1980s, the fastest growing state was growing about twice as fast as the slowest growing state. In the 1990s, the backward state of Bihar grew at 2.7 per cent per annum compared with Gujarat's 9.6 percent. If we consider per capita growth rates, the disparities are even more pronounced. Among the backward states, Madhya Pradesh and Rajasthan were able to grow at a rate higher than 6 per cent per annum in the 1990s. The challenge for economic liberalization is to improve the lot of the worst governed states like Uttar Pradesh and Bihar, so that inequality does not breed enmity among states.

4.7.2 External challenges

If India's liberalization has to succeed it needs to access foreign markets. Industrialized countries are practicing protectionism, fearing the cheap labour advantage of exports from developing countries. The World Trade Organization has assured the liberalization of textile trade, but industrialized countries have not shown signs of liberalizing market access. Second, labour and environmental standards are emerging as the new non-tariff barriers to trade. If import liberalization in India is not matched with access to the markets of foreign countries, this may be a setback for India's trade and further liberalization.

Textiles

The Multifibre Agreement is one of the most blatant double standards in international trade. It discriminates between countries, and quotas distort trade to a much greater extent than tariffs. Moreover, quotas are less transparent than tariffs in terms of the impact of distortions. The US and the EU accounted for 73% of India's total garment and textile exports. A study found that the US was more restrictive towards garment exports from India than the EU. For the US as a whole, the level of protection in 1999 was greater than 1993. The same was true for the EU as well.

Trade and Labor

India's objection that the International Labour Organization rather than the World Trade Organization should deal with labour standards is a very strong case. India worries that labour standards could become another non-tariff barrier to trade. Rich countries argue that poor countries have lower wages and work conditions. This hurts better-paid workers in rich countries. They also argue that workers have right to certain minimum standards of livelihood.

Professor Paul Krugman, has argued persuasively, that trade has a positive impact on incomes. Industrialized countries should let rising incomes follow trade rather than force developing countries to ensure high incomes and work conditions before allowing developing countries to trade. The logic of Krugman's argument suggests that low

wages can facilitate international competitiveness in a particular sector. When this comparative advantage generates exports and improves productivity, it will have a positive impact on the wage rate of the poor low wage country.

Poorer countries like India can build their comparative advantage through a low wage rate. However, the phenomenon of a low wage-rate will be short-lived, as export-promotion would lead to a rise in the wages of the poorer country. This argument is supported by the success stories in East Asian countries like South Korea and Taiwan. Dictatorial regimes in these countries, which worked closely with industry and repressed labour rights, could not stop the rise in wages, after these countries participated in export-oriented trade and enhanced their productivity. These economic ideas do have a place in the US policy set up. However, if special interest groups like labour unions in the US and Europe hijack policy for the sake of protecting some jobs, this will be to the detriment of both developed and developing countries.

Labour rights, especially the rights of women and children demand greater investment in human capital formation through better health and education. The clamour for trade restrictions in the name of labour rights will increase the cost of goods in the US, and lead to unemployment in developing countries like India.

Trade and Environment

India has objected that ecological standards may become a non-tariff barrier to trade. The benefits from trade liberalization may not be realized if special interests in the US try to hide behind turtle excluder devices in order to check shrimp exports from India into the US. Equipment used for catching shrimps in the Bay of Bengal was thought to be endangering turtles. Since, the life of turtles in the Bay of Bengal was dear to the US it has checked shrimp imports from India. Indian shrimp exporters argue that the US is citing ecological considerations only to protect its domestic shrimp industry. If environmental considerations have to play their legitimate role in trade, rather than just being a protectionist measure, it must be de-linked from the WTO. A purely scientific Global Environmental Organization could pursue the objective of enlightening the world about the real environmental problems facing trade.

Check Your Progress 2

Note: i) Use the space below for your answers.

ii) Check your progress with the model answers given at the end of the unit.

- 1) What policy changes were effected in the area of foreign investment, portfolio investment and venture capital?

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- 2) How is the lack of infrastructure hurting India's competitiveness?

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4.8 LET US SUM UP

India's opting for import substituting industrialization provided the opportunity to the politician, the businessman and the government official, to benefit from a regime of government controls in the context of a closed economy. Government controls prompted the businessmen to benefit from monopoly positions within a protected market, in return for favours to the politician. The system generated a bias in favour of the status quo. While India was operating within a closed economy, many countries of East Asia including South Korea, Taiwan, and China, among others, were promoting exports and growing rapidly. Subsequently the Soviet Union also collapsed and so did many import substituting regimes in Latin America.

Liberalization became possible in 1991 when Prime Minister Rao and Dr. Manmohan Singh used the balance of payments crisis to overcome the political obstacles to increasing India's market orientation. Robust growth, low inflation, and good export performance followed liberalization. Sectors like software services, IT enabled services, gems and jewellery, and research and development services received a boost. There was substantial improvement in foreign investment inflows compared with the past.

The bad news is that many domestic impediments to productivity and competitiveness remain. India's physical infrastructure is in a poor condition. Privatization of public sector units is faced with internal bureaucratic and political fights between a pro-liberal executive and rent seekers who favour the status quo. India's fiscal deficit is alarmingly high. Liberalization has left much of the developmental initiatives with the states. This has resulted in rising disparities among states, a phenomenon that does not augur well for national integration.

If India liberalizes but the external environment becomes illiberal, this will inspire protectionism and controls in India. Quantitative restrictions continue to protect textile trade despite the World Trade Organization. If the liberalization of textiles and other commodities of interest to developing countries are accompanied with non-tariff barriers such as labour and environmental standards, then the economic arguments in favor of gains from trade become less convincing. Developing countries like India need an open trading regime in which the world's most important traders need to practice what they preach! India's best external environment is a strengthened multilateral and rule bound system, that leaves little incentive for protectionism.

4.9 SOME USEFUL BOOKS

Pranab Bardhan, 1984. *Political Economy of Development in India* (Basil Blackwell, New York).

Jagdish Bhagwati. 1993. *India in Transition* (Clarendon Press, 1993).

Amit Bhaduri and Deepak Nayyar, 1996. *The Intelligent Person's Guide to Liberalization* (New Delhi, Penguin).

Global Business, Review, 2002 vol. 2, no. 3 (Sage, New Delhi) (July-December 2002).

4.10 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) The ISI strategy aimed at substituting imports of finished goods with domestic product. This was intended to protect and strengthen domestic industry. It involved the protection of the domestic market with high customs duties and control of private industry through licensing.

- 2) As government regulations were at variance with market forces, industrial firms incurred heavy costs to gain government favours. With the rise in election expenses of politicians a need based relationship between the politician, the bureaucrat and the industrialist emerged. Corruption became rampant.
- 3) The Narasimha Rao government utilized the foreign exchange crisis that gripped the country to initiate reforms. The industry in want of imports could not resist the liberalization programme as it overestimated the benefits of deregulation and underestimated the threat from foreign corporations. The trade unions also did not oppose the liberalization of imports or entry of multinationals.

Check Your Progress 2

- 1) The Foreign Exchange Regulation Act of 1973 was amended to allow automatic approval of foreign equity up to 51 percent in 48 sectors and up to 100 percent foreign equity was allowed in infrastructure areas such as ports and roads. Similarly, taxation and approvals for venture capital was liberalized. Portfolio investment was also liberalized by allowing FII's to first invest up to 24 percent of the equity and up to 30 percent later. These are however, subject to approval of company boards.
- 2) Industries need transportation and communication infrastructure to expand the markets. They also need energy resources. It is in these sectors that there is a dire need for expansion of capacity, upgradation of technology through minimal political intervention and establishment of independent regulatory authorities.

Structure

- 5.0 Objectives
- 5.1 Introduction
- 5.2 Pakistan: India's most important neighbour
- 5.3 India and Sri Lanka
- 5.4 India and Nepal
- 5.5 India and Bangladesh
- 5.6 Let Us Sum Up
- 5.7 Some Useful Books
- 5.8 Answers to Check Your Progress Exercises

5.0 OBJECTIVES

The objective of this unit is to critically analyse the relations of India with its South Asian neighbours viz Pakistan, Nepal, Sri Lanka and Bangladesh. The relationship has been examined from different perspectives covering the political, economic and other bilateral issues. After going through this unit, you should be able to:

- Critically analyse India's policy towards its neighbours; and
- Identify the main issues that strain India's bilateral relations with its neighbours.

5.1 INTRODUCTION

The present states-system of South Asia emerged in the wake of the withdrawal of the British Raj from the India sub-continent. These states are all geographically proximate – most of them are part of a distinct geographical entity, the sub-continent of India. Even the Maldives and Sri Lanka, which are separated from the sub-continent by stretches of sea, are linked through other factors – common civilization heritage, ethnicity, religious and linguistic affinities and existence of closer and enduring interaction determined by the fact of geographical proximity as well as by juxtaposition to the regional pole, India.

However, an important feature of their interaction has been the asymmetry of India in relation to her neighbours as well as her dominance and centrality in that states-system. It is not merely that India is bigger and more populous than its neighbours. It is not merely that technologically and militarily India's achievements surpass that of others, Pakistan included. But it is also a characteristic of the regional interaction that it is marked more by India's bilateral relations with her neighbours than by the generality of relations *inter se*.

Another important feature has been regional conflicts and tensions. A generic cause has been this asymmetry, and this has been compounded by a divergence of basic strategic perception. India has inherited the British Raj's strategic perception of a sub-continental defence system based upon a view of the close proximity of the region. But all her neighbours subscribe to the theory of 'threat perception' of India and see her as an entity against which security is necessary.

There have also been some problems bequeathed to these states by the British Raj and some that cropped up due to their own policies. In the former category we can list

these problems as their undefined borders, the status of Indian residents living in these neighbouring countries and related migration problems etc. while in the second category each neighbouring country is surrounded with problems of their own creation. Pakistan has a military coup, and before that successive changes of government; due to dismissal of elected Prime Ministers. Sri Lanka remains enmeshed in the ethnic crisis compounded by a civil war situation. The entire Royal family of Nepal was assassinated on the first of June 2001. Assassinations took place in the context of incremental violence perpetrated by the Communist Party (Maoist) in that country. There have been ten changes of government since the restoration of democracy there in 1990. Bangladesh went through a new election in October 2001 under incremental violence and disruption of law and order. Bhutan remains challenged by dissidence amongst its Nepalese subjects and the presence of separatist movements from North-Eastern India on its territory. Thus structuring of practical and stable relations with its neighbours is quite a complex challenge which India has faced over the last several years especially because with each one of its neighbours, India has a number of issues which remain unresolved, whether it is the question of Kashmir, problem of illegal migration and enclaves in adverse possession with Bangladesh and so on.

5.2 PAKISTAN: INDIA'S MOST IMPORTANT NEIGHBOUR

The history of India-Pakistan relations since the partition of India creating two countries, India and Pakistan can be analysed through a review of the nature of the problems and disputes which kept the two countries engaged in hostile, strained and conflictual interactions and even in major wars. These adverse relations have already resulted in four full-fledged wars and India is now facing a proxy war conducted by Pakistan in Jammu and Kashmir aimed at separating this Indian state from the rest of India. In public perception and more so in the perception of our armed forces, Pakistan remains identified as an adversary, as an enemy although in terms of history, culture, language, religions and geography both countries have much in common.

Let us try to understand why the situation between India and Pakistan remains adrift in adversity when geographical, locational, historical connections, and socio-cultural commonalities, ethnic and linguistic affinity would have led to harmony rather than confrontation.

Both countries are at loggerheads with each other because of lack of communications, mutual apprehensions and deliberately nurtured misunderstandings. Let us first try to understand Pakistan's apprehensions. Pakistani elite have a bitter memory of the opposition to the partition from the Indian National Congress which the Muslim League had to face. Consequently, the Muslim League did not get Pakistan of the geographical parameters which it expected. It is one of ironies of history that many of those who now live in Pakistan did not approve of the two-nation theory. The pro-Pakistan movement drew its main strength from Bengali Muslims and Muslims of North-Central India, even this support did not come from the Muslim masses but from the Muslim elite. We must remember that till Jinnah was eclipsed as a leader of the Indian National Congress by Mahatma Gandhi and Jawahar Lal Nehru, he was lionized as an ambassador of Hindu-Muslim unity. The Pakistani view is that the machinations of Lord Mountbatten and the Indian National Congress prevented the emergence of a Pakistan encompassing the entire Muslim population of India. This bitterness still permeates the psyche of the Pakistani power structure.

India's strong action in Jammu and Kashmir, Hyderabad and Junagadh heightened this bitterness and more importantly, generated a genuine apprehension that India would try to nullify the partition by subverting the state of Pakistan, either by breaking it up or by reabsorbing its territory into what the Pakistanis called Hindu plans of 'Akhand Bharat'. India's stand on the distribution of military resources and for foreign exchange reserves convinced Pakistan that India had disruptive plans. The disparity in size, population and resources between the two countries fuelled these apprehensions.

India's role in the liberation of Bangladesh only reinforced this Pakistani fear psychosis. If this is so, why did Pakistan indulge in military adventures against India in 1948 and 1965? Probably, the answer lies in the subconscious desire to rectify the unfair arrangements of the partition. The conflict of 1971 tempered Pakistan's inclination towards military adventurism for getting even with India, but short of that its power structure continues to have the same mindset.

In the backdrop of the above facts enveloping the India-Pakistan relations, let us examine some of the important developments that took place between two nations. Besides the initial problems of partition as mentioned cursorily above like the problem of native states in which the state of Junagarh, Hyderabad and Kashmir were finally acceded to India much against Pakistan desire and the problem of sharing of water of rivers of Ravi, Sutlej and Beas which also was amicably settled between the countries through an agreement concluded between the two countries on September 19, 1960, the main problem which is souring the relation between the two countries pertains to Kashmir. Therefore, it is important to describe in detail the so-called 'Kashmir Dispute' between the two nations as it is the only bone of contention between them.

Kashmir Dispute

The erstwhile native state of Jammu and Kashmir, having total area of 86,024 square miles, is predominantly populated by Muslims and was ruled by a Hindu Maharaja, Maharaja Hari Singh. He did not take any decision regarding the state's accession before or immediately after August 15, 1947. The Maharaja was planning to declare his state as an independent country. But this vacillation on the part of Maharaja prompted Pakistan to invade with the help of tribesmen from North-Western Frontier Province. They launched the attack on October 22, 1947 and within a short period of five days reached Baramulla just 25 miles away from Srinagar. Overawed by this attack Hari Singh decided to seek India's help and pleaded with the Government of India that he is willing to sign the Instrument of Accession in return for saving the state. The accession of Jammu and Kashmir was finalized by 27 October, 1947 and the army was airlifted to clear the aggression. While accepting the accession of the State of Jammu and Kashmir, India had said that after the aggression is vacated the wishes of the people of Jammu and Kashmir would be ascertained. Pakistan did not accept this accession and called it an aggression by India. Pakistan in the meanwhile installed a so-called Azad Kashmir government in the territory occupied by the invaders. In the meantime, India had moved to the Security Council under article 35 of the Charter. In fact the decision of the Nehru government to offer plebiscite to ascertain the wishes of the people of Jammu and Kashmir seemed to be a serious mistake as it is this clause the support of which Pakistan has taken to prolong its case with regard to Kashmir.

The Security Council took many decisions on this issue starting with the appointment of a three member Commission on January 20, 1948, which was subsequently expanded and came to be known as United Nations Commission for India and Pakistan (UNCIP). The UNCIP conducted enquiry, met representatives of both India and Pakistan and finally submitted a report on December 11, 1948. This report contained the following recommendations aimed at ending the hostilities and holding of plebiscite. First, Pakistan should withdraw its troops from Jammu and Kashmir as soon as possible after the cease fire and that Pakistan should also try for withdrawal of tribesmen and Pakistan nationals who are not ordinary residents of Kashmir. Second, the territory thus vacated by Pakistani troops should be administered by local officials under the supervision of the Commission. Third, after these two conditions are fulfilled and India is informed about their compliance by the UNCIP, India should also withdraw substantial strength of its troops. Finally, pending a final agreement India should maintain only such limited troops as should be essential for law and order. After initial reluctance Pakistan accepted these proposals and a cease fire agreement was signed which was implemented by the two commanders on the

midnight of January, 1949. The war ended and a cease fire became effective. It is to be pointed out here that the Indian army was in a position to push the invaders out and liberate the whole state when suddenly the cease fire was announced.

The cease fire line (now called the Line of Control) was drawn where the fighting ended. An agreement on ceasefire line was reached in Karachi on 27th July, 1949. It left 32,000 sq. miles of J & K territory in possession of Pakistan which is called Azad Kashmir by Pakistan. Subsequently, many proposals and commissions were formed by the United Nations but none of them was able to resolve the Kashmir tangle. In the meanwhile, the Constituent Assembly elected on the basis of adult franchise, ratified the State's accession to India on February 6, 1954. A Constitution of the State was adopted on November 19, 1956 which declared Jammu and Kashmir to be an integral part of India. India's stand now is that with the ratification of accession by directly elected Constituent Assembly of Kashmir, the promised 'ascertaining of wishes' of the people had been accomplished. India finalized accession on January 26, 1957.

The Kashmir issue has been raised time and again by Pakistan in the United Nations and other international forums. It has been harping on religion of majority of people as the basis for Kashmir becoming a part of Pakistan. But for India it is a matter of faith that religion should not be the basis of political actions. Pakistan is actively indulging in cross-border terrorism and is killing innocent people in Kashmir. It has already waged four wars to take revenge from India despite India's best attempts to normalize relations between the two countries.

5.3 INDIA AND SRI LANKA

Another important neighbour of India in the south is Sri Lanka, an island republic situated in the Indian Ocean. Sri Lanka got its independence from British on February 4, 1948. Like India, Sri Lanka is an active member of Non-aligned Movement (NAM) right from 1961 when it was founded. It is also a member of South Asian Association of Regional Cooperation (SAARC) and has full faith in the United Nations and the ideal of world peace. Thus, this southern neighbour of India has so much in common with this country that one cannot but believe that there can be any areas of conflict between the two.

India-Sri Lanka relations have generally been cordial, though there have been tensions caused mainly because of ethnic conflict between people of Indian Origin – mainly Tamils – living in Sri Lanka and the Sinhalese. Usually a small country is suspicious of a big neighbour. But, India has never tried to play the role of a dominant big neighbour. India's foreign policy has always been based on friendship with all its neighbours. Despite ethnic problems of Sri Lanka, India has never sought to impose its will on Sri Lanka.

The Tamil Problem:

Jaffna Province in northern Sri Lanka has a large concentration of Tamil people. The problem became serious when Tamils began demanding a national homeland or Republic of Eelam in an area of about 18000 sq. km. in northern Sri Lanka. There are essentially two categories of Tamils in Sri Lanka. There are about one million people, whose forefathers migrated from India in ancient times. They are known as Ceylon Tamils. The other category includes another about one million people, many of them without citizenship, who went to Sri Lanka during the nineteenth century. The problem of their status dominated early India-Sri Lanka relations. The conflict with Ceylon Tamils came later. The Sinhalese fear Tamil domination, and that is the principal reason behind the conflict.

After independence justice was assured to the Tamils by the then Prime Minister of Sri Lanka, Dudley S. Senanayake. But after his death discrimination against Tamils started. Although an agreement was concluded with the Tamils by Prime Minister Bandaranaike but it could not pacify the Tamils. The Tamil youth who had lost faith in non-violence organized themselves into the Liberation Tigers. The aim of the 'Tigers' is a sovereign Tamil state or Eelam. The earliest efforts made for finding a solution to the ethnic problem was an agreement signed in 1953 by the Prime Minister of India Pt. Nehru and Prime

Minister of Sri Lanka, Kotelawala. Tamils alleged that Nehru-Kotelawala Agreement was not implemented sincerely. Consequently, large number of persons of Indian origin could not get citizenship of Sri Lanka and they became 'stateless persons'. This caused serious tensions in India-Sri Lanka relations which were aggravated by the 1956 language disturbances. Sri Lankans blamed India for these disturbances

Problem of Stateless Persons

On October 1964 after prolonged negotiations between Prime Minister of India, Lal Bahadur Shastri and Sri Lankan Prime Minister, Mrs. Bandaranaike an agreement was signed to resolve the problem of stateless persons. It sought to solve the problem of about 9 lakh 75 thousand stateless persons in Sri Lanka. About three lakhs of these people were to be granted Sri Lankan citizenship, and about 5 lakh 25 thousand persons were to be given Indian citizenship. The fate of remaining 1 lakh 50 thousand stateless persons was to be decided in future. During her second tenure as Prime Minister, Mrs. Bandaranaike visited India in 1974 and her talks with Prime Minister Indira Gandhi resulted in a fresh agreement whereby half of these persons were to be given citizenship of Sri Lanka and the rest would become Indian nationals. Thus, this issue of stateless persons was sought to be peacefully settled.

The Kacchativu Dispute

A territorial dispute arose in regard to the ownership of a one square mile uninhabited island, called Kacchativu, off the Jaffna coast in the Palk straits. Pilgrims from both India and Sri Lanka used to go to Kacchativu Island every year in the month of March during the four-day St. Anthony's festival for worship at the local Roman Catholic Church. India protested over the presence of Sri Lankan police during the festival in 1968. This caused conflict. Both India and Sri Lanka were keen to avoid a serious situation. The Prime Ministers of India and Sri Lanka met twice and pending a final decision on the issue of island's title, resolved to maintain status quo in and around the island. Neither India nor Sri Lanka would send its policemen in uniform or custom officials, or resort to aerial reconnaissance or naval patrolling of adjacent waters during the St. Anthony's festival. Finally, through a comprehensive agreement India accepted Sri Lanka's ownership of the Kacchativu Island.

The Ethnic Conflict

The ethnic conflict in Sri Lanka between Tamils and Sinhalese assumed serious proportions in 1983. It was described as 'ethnic explosion' and the 'Sri Lankan Carnage'. During 1983-86 two lakh Tamils became refugees as they lost their homes. Thousands were killed and wounded. Despite all-party talks, peace eluded the island Republic. Finally an attempt was made by Prime Minister Rajiv Gandhi to help Sri Lanka find a solution to the ethnic violence. On the invitation of Sri Lankan government, Indian Prime Minister paid a two day visit to Colombo and concluded an agreement to provide for Indian Peace Keeping Force (IPKF) to be posted in Sri Lanka to restore normalcy in the strife-torn areas.

In accordance with Rajiv-Jayawardene agreement hundreds of thousands of Indian troops were sent to Sri Lanka for maintenance of peace. But the posting of IPKF proved to be costly for India. Crores of rupees were spent on Indian troops trying to restore order. Hundred of Indian soldiers were killed in clashes with the Tamil extremists. Even then ethnic conflict could not be brought under control. Having realized the futility of IPKF, India decided to pull its troops out. By March 1990 all the Indian troops were recalled.

The separatist movement in Sri Lanka had an adverse effect on India-Sri Lanka relations, although India had taken all positive steps to ensure that Indian Territory was not used for anti-Sri Lanka activities. Nonetheless, sending of Indian troops had its fall out and during the run-up to the Lok Sabha, former Prime Minister Rajiv Gandhi was assassinated in an alleged human bomb explosion.

The present President of Sri Lanka, Mrs. Chandrika Kumaratunga visited India which created an atmosphere of better understanding between the two countries. India continues to favour a peaceful solution to ethnic crisis in Sri Lanka within the framework of sovereignty and territorial integrity of that country through negotiation and without outside interference. India welcomes the recent proposal of Sri Lanka for devolution of power to secure some element of autonomy to the areas largely inhabited by Tamil minority.

Check Your Progress 1

Note: i) Use the space below for your answers.

ii) Check your progress with the model answers given at the end of the unit.

1) What is UNCIP? What were its main recommendations?

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2) How was the Kacchativa dispute between India and Sri Lanka resolved?

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5.4 INDIA AND NEPAL

Nepal, the only Hindu kingdom in the world, lies in the north of India. India's interest in Nepal was natural for historical, religious and strategic reasons. India's security was perceived to be closely related to Nepal in the north.

Treaty of Peace and Friendship, 1950

On 31st July, 1950, both countries signed Treaty of Peace and Friendship and initially Indo-Nepalese relations have been based on this treaty. After the signing of the treaty, India established seventeen check posts to watch the passes between Tibet and Nepal and Bhutan. These posts were jointly manned by Indian and Nepalese personnel. An Indian military mission was also established in Kathmandu for the organization and training of Nepalese army. Nehru was keen that Nepal must enjoy all the attributes of independence and sovereignty. Even during the democratic movement against the autocratic regime of Ranas, India adopted the attitude of restraint and patience.

Nepal assumed greater importance in India's security perception after the Sino-Indian border war of 1962. India's desire for improvement of relations was reciprocated. Nepal King's 13 day visit to India and President Radhakrishnan's return visit further cemented the improved relations. Relations were further improved when Foreign Minister of India, Sardar Swaran Singh visited Nepal in 1964 and signed an agreement of large economic assistance to Nepal. The King of Nepal also visited India in 1965 and conferred with Indian Prime Minister, Lal Bahadur Shastri. Nepal gave full support to India's position on Kashmir. The King appreciated the economic assistance being provided by India to his country. However, the bilateral relations received another setback when a border dispute relating to Susta region arose. This region was claimed by Nepal in 1966. This one-square mile territory on Bihar-Nepal border remained a subject of dispute. Finally, a boundary commission was appointed to resolve the issue.

In the field of economic assistance, by 1967, India had extended over Nepalese Rupees 50 crores for Nepal's economic development and had pledged another Rs. 40 crores. India was the single largest donor by 1967. Road building and power development were two major areas in which India assisted Nepal. India also helped Nepal in the construction of the Kingdom's first airport at Kathmandu. But by this time China had become an important factor in Nepal's economic and political relations. King Mahendra reaffirmed Nepal's decision to stay neutral between India and China. For India, however, China factor in Nepal's foreign policy had opened a dangerous situation.

In the meantime, anti-India demonstrations were repeatedly held in Nepal. Nepal made public demands for the withdrawal of Indian personnel from the northern check posts and its military liaison group in Kathmandu.

The demand of withdrawal, however, was contrary to treaty provisions and Nepal was questioning the very basis of Indo-Nepalese relationship. It was believed in New Delhi that the Palace was trying to play China against India and now even Pakistan against it. However, by early 1971 Nepal realized the futility of anti-India campaign. Eventually that would have hurt Nepal's own economy. Negotiations were opened and a New Treaty of Transit was signed in Kathmandu in August 1971. Thus, by the end of 1971, Indo-Nepal relations started looking brighter.

King Birendra succeeded his father Mahendra when the latter died in early 1972. Under his reign, Nepal began to work for better and normal relations with India. India participated in Nepal's development of power and irrigation, the major projects being the Kosi, the Gandak, the Karnali, the Trisuli and the Devighat and Pokhara Hydel projects. India and Nepal planned the harnessing of Himalayan rivers. There were Indian aid and cooperation activities in areas such as road building, airport construction, telecommunication, horticulture, agriculture, forestry, education and health.

The friendly relations with Nepal were further consolidated after Mrs. Gandhi returned to power in 1980. King Birendra visited India in 1981 and the visit was returned by President Sanjiva Reddy the same year. However, being a big power, and a neighbour of Nepal, China had been taking keen interest in Nepal. China had been trying to widen the rift between India and Nepal whenever tension developed in the bilateral relations. However, India continued to be Nepal's main trading partner. During 1984-85 Nepal's 52 percent of total export-import trade was with India. Most of the goods produced in India and needed by Nepal are usually made available without much difficulty.

The age-old system of absolute monarchy in Nepal was replaced by constitutional monarchy on April 8, 1990. King Birendra agreed to the demands of the people for putting an end to partyless panchayat system. The King agreed to a new constitutional arrangement in which he would continue to be head of state, but the governance would be responsibility of a Cabinet answerable to Parliament. Elections would be held on the basis of multi-party system. Eventually the partyless democracy was replaced by party-based parliamentary democracy.

Economic relations between the two countries improved on account of liberalisation of their economies since 1991. The Treaty of Trade and Transit of 1991 and their amendments in 1993 have also had positive results. During 1992-94 period India's commitment to Nepal's economic development continued to be expressed through various programmes. India and Nepal signed a treaty on the development of Mahakali Project during Prime Minister Deuba's visit to India in February, 1996. This project represents a major breakthrough in the harnessing of river waters for mutual benefit. The two countries are working through Joint Technical Level India-Nepal Boundary Committee on a time bound programme for identification of boundary. Thus India's hand of friendship remains extended to Nepal.

5.5 INDIA AND BANGLADESH

The birth of Bangladesh in December 1971 was a direct outcome of the Indo-Pakistan war in which Pakistani troops surrendered unconditionally in erstwhile East Pakistan. The emergence of Bangladesh was described as an event of major importance in the Sub-continent. India was forced to liberate East Pakistan as it was faced with an unprecedented crisis caused by massive influx of 10 million refugees and all efforts by the Indian Prime Minister, Mrs. Indira Gandhi to persuade Pakistan for a negotiated settlement with Awami League leaders bore no fruits.

On March 9, 1972 both countries signed a treaty of Friendship and Peace. Mrs Indira Gandhi assured Bangladesh of India's full support and cooperation in securing its admission to the United Nations. This Treaty was signed for a period of 25 years. Pakistan was disturbed at the signing of the Treaty of Friendship and Peace and described it as a virtual military alliance. But study of provisions of the Treaty makes it clear that it was signed to strengthen bilateral relations and promote regional peace and international cooperation. It was certainly not a military pact against any country or bloc of countries. The signing of friendship treaty was followed by the conclusion of a comprehensive trade agreement of March 25, 1972. Thus the Treaty of Friendship and the Trade Agreement were concluded in the spirit of equality and mutual benefit, friendship and good neighbourliness.

Sharing of Ganga Water

The biggest bone of contention between India and Bangladesh relates to sharing of Ganga waters. This dispute is mainly concerned with sharing of waters during lean season, January to May, particularly mid-March to mid-May, when the flow of Ganga reduces to minimum level of 55,000 cusecs. The crux of the problem is that if India withdraws 40,000 cusecs which is the barest minimum required to flush Hooghly to save Calcutta port, Bangladesh then receives only 15,000 cusecs which is highly insufficient to meet its needs. The extraction of this larger amount of water by India gives rise to multifarious problems in Bangladesh. Thus, the dispute between India and Bangladesh relates to equitable sharing of Ganga waters by the two countries. The Farakka Barrage built by India on the river Ganga is situated on the Bengal- Bihar border near Farakka about 400 km. North of Calcutta. The primary reason for the construction of this Barrage was the preservation and maintenance of the Calcutta port and navigability of Bhagirathi-Hooghly. Now that the barrage is constructed Calcutta port is saved but diversion of water for the port became an issue of international discord and misunderstanding. Although different agreement were concluded to regulate the water of Ganga and to resolve the Farakka barrage issue but the final agreement was concluded between the two governments in the year 1996. Sheikh Hasina government negotiated with India a treaty for sharing Ganga waters for 30 years. India was represented by H.D. Deve Gowda, the prime minister of India. The main feature of this Treaty regarding sharing of Ganga water at Farraka is that Ganga water at Farakka would be determined by 15 blocs of 10 day period from January 1 to May 31 every year.

The New Moore Island Dispute

There have been tensions between India and Bangladesh over certain territorial claims also. These include the dispute over New Moore Island, the problem related to the Teen Bigha corridor and the clash in Muhuni Char in the Belonia sector. Of the three the dispute over New Moore Island persists as a major problem. New Moore Island covering an area of 2 to 12 sq. km., depending upon rising and receding of tide, is located in the Bay of Bengal. It is about 5200 meters from the nearest Indian coastal point and 7000 meters from Bangladesh coastal point. Indian flag was hoisted on the island on March 12, 1980 and subsequent to that all problems arose. Bangladesh questioned the ownership rights of India. The dispute has remained unresolved though it has been discussed at different levels.

Indo-Bangladesh relations were adversely affected on account of dispute regarding Tin Bigha corridor also. During Prime Minister Indira Gandhi's tenure this small patch of an acre of Indian Territory called Teen Bigha was leased out to Bangladesh. This agreement of leasing could not be implemented as it required a constitutional amendment.

Other Bilateral issues

Among other problems in India Bangladesh relations is the problem of Chakma refugees who have mostly taken shelter in Indian state of Tripura. Negotiations during 1994 led to the repatriation of Chakma refugees from Tripura to Chittagong Hill tracts in Bangladesh. Most of them have already been repatriated and some are still awaiting their repatriation.

India is facing another problem of Bangladeshi migrants, majority of them belonging to weaker sections who have settled in different parts of India. Their number, which is estimated to be more than 10 lakh people, burdens the Indian economy. Despite India's repeated requests Bangladesh government is taking no action for their recall and Indian government is left with no choice but to take stern measures to deport them to Bangladesh.

Check Your Progress 2

Note: i) Use the space below for your answers.

ii) Check your progress with the model answers given at the end of the unit.

- 1) Describe the nature of economic relations between India and Nepal in the 1990s.

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- 2) What are the central issues in Indo-Bangladesh dispute over sharing of Ganga waters?

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5.6 LET US SUM UP

One of the cornerstones of India's foreign policy has been to build a strategically secure, politically stable and harmonious and economically cooperative neighbourhood. India has always given a high priority to friendly relations with our immediate neighbours. India's relations with Pakistan, Nepal, Sri Lanka and Bangladesh as discussed above give a clear indication of India's desire to avoid conflicts, to seek peaceful settlement of international disputes and build friendship with all the neighbours. Many of India's neighbours are non-aligned and have generally responded to India's approach of peace. Nevertheless, India has had moments of conflicts and even regular wars. Despite India best efforts to cultivate most friendly relations with Pakistan by initiating so many unilateral decisions without expecting a return favour (Prime Minister I.K. Gujral's "Gujral Doctrine" giving whatever India can to its neighbours without expecting in return as India is a bigger country – Prime Minister Atal Behari Vajpayee's Lahore Bus Service, Agra Summit etc.) Pakistan gave in return Kargil War and increased cross-border terrorist activities. Pakistan continues to internationalise the Kashmir issue. Indian Parliament was attacked by Pakistan's supported terrorists. In fact Pakistan is trying to destabilise India in every possible manner and is perfect example of state which is supporting terrorism against a neighbouring country.

India has good relations with all other neighbours. The new governments installed in Nepal and Sri Lanka have expressed their desire to consolidate and strengthen relations

with India. Purposive efforts continue to be made by India to improve regional economic as well as political cooperation. Close proximity between India and its neighbours is evident from the continuing visit of its Prime Minister and King to India who were here right in the month of March 2003. Likewise the Prime Ministers of Sri Lanka has also visited India recently. Except perhaps Pakistan all other India's neighbours including mighty China are having very cordial relations with India. This underlies India's tremendous faith in good neighbourliness relations.

5.7 SOME USEFUL BOOKS

Dutt, V.P.(1984). *India's Foreign Policy*. New Delhi: Vikas.

Rasgotra M., Chopra V.D. & Mishra K.P. (1990). *India's Foreign Policy in the 1990s*. New Delhi: Patriot Publishers.

Mansingh Lalit. (1998). *Indian Foreign Policy—Agenda for the 21st Century*. Vol.II, New Delhi: Konark Publishers.

Khilnani R.K. (2000). *Restructuring India's Foreign Policy*. New Delhi: Commonwealth.

Dixit J.N. (2002). *India's Foreign Policy – Challenge of Terrorism*. New Delhi: Gyan.

5.8 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) UNCIP is the United Nations Commission for India and Pakistan which was appointed by the UN Security Council in 1948. . The UNCIP enquiry report submitted in December 1948 contained the following recommendations aimed at ending the hostilities and holding of plebiscite. First, Pakistan should withdraw its troops from Jammu and Kashmir as soon as possible after the cease fire and that Pakistan should also try for withdrawal of tribesmen and Pakistan nationals who are not ordinary residents of Kashmir. Second, the territory thus vacated by Pakistani troops should be administered by local officials under the supervision of the Commission. Third, after these two conditions are fulfilled and India is informed about their compliance by the UNCIP, India should also withdraw substantial strength of its troops. Finally, pending a final agreement India should maintain only such limited troops as should be essential for law and order.
- 2) The status of Kacchativa, an uninhabited island off the Jaffna coast, became an issues between India and Sri Lanka in the late 1960s. It was resolved through bilateral talks, when India accepted Sri Lanka's ownership of the island

Check Your Progress 2

- 1) Both the countries launched economic liberalisation programmes at around the same time in the early 1990s. India renewed the Treaty of Trade and Transit in 1991 and committed to Nepal's economic development through various programmes. India and Nepal signed a treaty on the development of Mahakali Project in 1996. This project seeks to harness river waters for mutual benefit
- 2) This dispute is mainly concerned with sharing of waters during lean season, particularly mid-March to mid-May, when the flow of Ganga reduces to minimum level of 55, 000 cusecs. The crux of the problem is that if India withdraws 40,000 cusecs which is the barest minimum required to flush Hooghly to save Calcutta port, Bangladesh then receives only 15,000 cusecs which is highly insufficient to meet its needs. Thus, the dispute between India and Bangladesh relates to equitable sharing of Ganga waters by the two countries.

UNIT 6 POLITICAL STRUCTURES AND PROCESSES IN PAKISTAN

Structure

- 6.0 Objectives
- 6.1 Introduction
- 6.2 Legacies at Foundation
- 6.3 Political Developments and Processes
 - 6.3.1 Constituent Assembly
 - 6.3.2 Jinnah-Liaquat Period
 - 6.3.3 Bureaucracy – Army Coalition
 - 6.3.4 First Spell of Military Rule: Ayub-Yahya Period
 - 6.3.5 The First Ever Elected Government: Z. A. Bhutto Led PPP Regime
 - 6.3.6 Second Spell of Military Rule: Zia ul Haq Period
 - 6.3.7 Restoration of Democracy: The Ghulam Ishaq Khan's Period
 - 6.3.8 Military as Mediator in Politics: The Political Crisis of 1993
 - 6.3.9 General Musharraf's Military Rule
- 6.4 Bureaucracy
- 6.5 Army
- 6.6 Election and Parties
- 6.7 Let Us Sum Up
- 6.8 Some Useful Books
- 6.9 Answers to Check Your Progress Exercises

6.0 OBJECTIVES

This unit examines political structures and processes in Pakistan. After going through this unit, you should be able to:

- identify the key political developments in Pakistan;
- trace the political history of the country;
- locate the role of the army and bureaucracy in the political system of Pakistan; and
- identify the regional disparities in the State.

6.1 INTRODUCTION

Pakistan came into being on 14th August 1947 as a result of the separatist movement of the Muslims in the Muslim minority provinces of British India. The Muslim separatist movement had emerged as the result of the support of the British rulers and the rise of the Muslim middle classes in the late 19th century. The Lahore Resolution of the All India Muslim League on 23rd March 1940 called for a separate homeland comprising the entire north western part and the north eastern part of the Indian sub-continent. However the Mountbatten Plan partitioned the Punjab and Bengal also. The new state of Pakistan which ultimately emerged was a geographical oddity as it was divided

in two wings separated from each other by one thousand miles of Indian territory. As there was very little common between the two wings except religion, East Pakistan soon emerged as an independent country. The present day Pakistan comprises Punjab, (formerly East Punjab), Sind, North-western Frontier Province, (N.W.F.P), Baluchistan, Federally Administered Tribal Areas, (FATA) and the federally administered Capital of Islamabad. The country has a population of 15 crores. Poverty, high birth rate, illiteracy, unemployment etc, are still the major problems facing the country. Even after three spells of military rule spreading over more than 24 years the country has again passed under military rule three years ago under General Musharraf.

6.2 LEGACIES AT FOUNDATION

Pakistan comprised of two wings East Pakistan and West Pakistan with nothing common between the two except religion. The new nation didn't have any infrastructure of a state. Even the armed forces had to be built out of the British army. The areas which constituted Pakistan were economically, politically, and socially backward. The provinces were predominantly agrarian; dominated by feudal landlords or tribal Sardars. Whatever industry and business that had existed there, was controlled by Hindus and Sikhs who migrated to India in the wake of communal riots during the partition days. A few financial institutions operated in the urban centres like Lahore, Karachi and Peshawar in the western wing and in Dhaka in the Eastern wing. Transport and communications system was also underdeveloped. While the Eastern wing was the major exporter of jute, the one major commodity which Pakistan exported, there were no developed ports to handle the business. In these circumstances, the administration became preoccupied with the settlement and rehabilitation of thousands of refugees from India.

Being a colonial state, the new country had well organized bureaucracy and armed forces trained in the British traditions. The British Indian Army had been partitioned and Muslim officers were given the option of joining either the Indian or the Pakistani Army. It should be noted the Pakistani army continued to have many British officers for some time after independence.

Check Your Progress 1

Note : i) Use the space below for your answers.

ii) Check your answer with the model answer given at the end of the unit.

- 1) What were the legacies inherited by Pakistan at its foundation.

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6.3 POLITICAL DEVELOPMENTS AND PROCESSES

The new state of Pakistan lacked the political institutions necessary for developing democratic processes. The Pakistan movement was mainly a movement of the Muslims of the Muslim minority provinces and it was weak in the areas which constituted the new state. The Muslim League was in power only in Bengal and Sind. A Congress government was in office in the Northwestern Frontier Province even after one week of independence, till it was dissolved by a fiat of the Governor-General of Pakistan Mohammad Ali Jinnah himself. Muslim migrants who came from India occupied a very large share in the power structure. It took some time for the native political elite who had opposed the Pakistani movement to emerge on the political arena. The entire

Pakistan movement had been run on slogans and no effort had been at any stage to intellectually prepare for nation building in the new country. Most of the statements of Jinnah on this issue were vague and confusing though it was clear that he did not cherish the idea of Pakistan being an Islamic state.

There was no consensus among the ruling elite on the principles on which the political system would be built on. While one section, mostly the Western educated, wanted Pakistan to be secular democratic state another section, particularly those with religious orientation wanted an Islamic state. The ruling Muslim League had lost its credibility soon after Pakistan came into being. The result of this was Pakistan could not build political institutions and develop democratic processes in the country.

6.3.1 Constituent Assembly

The Constituent Assembly which was entrusted with the job of framing a Constitution for the new country had been elected in 1946 for the undivided India. This Constituent Assembly was also to act as the Central Legislature of Pakistan. Some of the leaders of the Pakistan Muslim League who hailed from India and did not have seats in the Assembly were later found seats from the vacancies created by the migration of Sikh and Hindu members to India. However, the Constituent Assembly had members belonging to Hindu community who hailed from East Bengal. Some of them belonged to the Congress Party in India. Though they were small in number, they constituted the Pakistan National Congress and put forward their point of view forcefully. However, because of pre-partition prejudices and bitterness their loyalty was challenged and they were looked at with suspicion. Even the other emerging opposition parties were condemned as 'enemies of Pakistan'. The leadership of the ML ignored the fact that in a democracy, the opposition has a role to play just as the ruling party has an assigned role. The result was that democratic institutions failed to take firm roots.

The ML leadership also ignored the Constituent Assembly. The ML discussed the issues in its forum and placed them before the Constituent Assembly for approval. The Constituent Assembly instead of being respected as a sovereign body was converted into an appendage of the executive. The atrophy of the constitutional bodies led to a situation where these bodies were passing many unconstitutional acts of the Governor-General and the Prime Minister. Governor-General Ghulam Mohammad dismissed the elected leader of the Constituent Assembly, Prime Minister Khwaja Nazimuddin, and appointed Mohammad Ali Bogra without receiving the sanction of the Assembly. The tradition of subordination of the legislature to the executive was thus set in the early years of the nation.

6.3.2 Jinnah-Liaquat Period

Pakistan like India had adopted the Government of India Act 1935 to set up its administrative machinery. The Act had empowered the Governor-General, the head of the state, to amend it. This provision was used by Jinnah himself several times to amend the Act. By one such amendment, he acquired the powers to dismiss the provincial governments at will. The amendment was applied on subsequent occasions to dismiss the elected governments. Jinnah also concentrated powers in his hands by occupying three of the four top posts of the political system—the Governor General, President of the Constituent Assembly, and the President of the Muslim League. The other important office, that of the Prime Minister was occupied by Liaquat Ali Khan. But as Liaquat Ali Khan could not match the stature and charisma of Jinnah, the position of the Prime Minister was denigrated. The Governor-General came to be regarded as the repository of all power. In these circumstances, bureaucracy began to play a leading part in running the country. For instance, Ghulam Mohammad, an officer of the Audit and Accounts Service was appointed as the finance minister, although he had played no part in the Pakistan movement. After Jinnah died in September 1948, Liaquat Ali Khan became the President of the Muslim League and emerged as the supreme ruler. He nominated a colourless and pedestrian regional leader Khwaja Nazimuddin as the

new Governor-General. Chaudhary Khaliqzaman, a former Muslim League leader from Uttar Pradesh was appointed as the new President of the Constituent Assembly. Liaquat Ali Khan quickened the pace of the constitution making. The Assembly passed the Objectives Resolution in 1949 and the Basic Principles Committee Report was submitted in 1952. Both the Resolution and the Report provoked a storm of protests in the country. The religious parties in West Pakistan protested that the Resolution had not declared Pakistan an Islamic State while in East Pakistan the Report's proposal to make Urdu as the official language of the country caused indignation and opposition.

6.3.3 Bureaucracy – Army Coalition

By the turn of the decade, the Muslim League had lost all credibility in East Pakistan because of its language policy. There the mainstream Muslim League broke away and formed the Awami League in 1949. In West Pakistan, the Muslim League split into two informal groups—one consisting of old Leaguers who were mostly migrants from India and the other comprising the new entrants, mostly Punjabis and a few Sindhis and Pathans. While the former were mostly urban people imbibed with liberal democratic values, the latter were mostly rural based feudal landlords with a streak of Islamic fundamentalism. They had no idealism born out of the struggle for a cause. Traditionally, the British had recruited its army and officers from rural areas and conservative feudal landlord families. Naturally, the Army in Pakistan had close links with the new entrants of the League.

Following the assassination of Prime Minister Liaquat Ali Khan in October 1951, Khwaja Nazimuddin became the Prime Minister and the president of the Muslim League. The Finance Minister Ghulam Mohammad was named the new Governor General. Ghulam Mohammad was not a politician. He revived the Jinnah's style of functioning and operated through the civil servants. He brought Maj. Gen. Iskander Mirza into the government as the Defence Secretary. Mirza was not a fighting General. He belonged to the British Political Service and had spent most of his career in the Frontier quelling Pathan insurgency. It was also the time when General Ayub Khan became the first Pakistani Chief of the Army Staff. These three men were responsible for the destruction of democracy and ushering in the first military coup in October 1958. Once the armed forces came to power, they ensured that military would have a permanent place in the politics of the country. After Liaquat, most of the heads of the Muslim League were from the feudal families. With bureaucracy already enjoying an important place in the power structure, the alliance of the army, landlords and bureaucracy came into being. It was this oligarchy or alliance which survived through all the ups and downs of Pakistan's history that pushed Pakistan into the neo-colonialist trap of the United States.

The three leaders Ghulam Mohammad, Mirza and Ayub entered into an alliance with the United States which at that time was looking for military allies in its efforts to contain the Soviet Union. Such an alliance was mooted even when Liaquat Ali Khan was the Prime Minister, but he along with Nazimuddin had resisted it.

The Constituent Assembly endorsed the various decisions of the Governor General Ghulam Mohammad for dismissals and appointments. When Prime Minister Mohammad Ali Bogra proposed to the Assembly to curtail the powers of the Governor General, Ghulam Mohammad hit back by dissolving the Constituent Assembly in 1954. Thus, the first Constituent Assembly ended its career without performing its task of framing the Constitution. The dissolution of the Assembly created a serious constitutional crisis as there was no provision for the dissolution and reelection of a new Constituent Assembly. The Governor General had no authority to dissolve the Assembly. In the legal and constitutional wrangling at the Sind High Court and the Supreme Court, Justice Mohammad Munir propounded the 'doctrine of necessity' and legalized the dissolution of the Constituent Assembly. The doctrine of necessity was in fact a unique form of authoritarian law which was presented as not inconsistent with principles of democracy. The effect of the Munir's doctrine was that those in command of the

coercive power of the state had the right to suspend constitutional government whenever and however long they thought necessary. Later military takeovers by General Ayub in 1958, by General Zia ul Haq in 1977 and General Pervez Musharraf in 1999 were legalized by this doctrine.

Fresh elections to the Constituent Assembly were held in 1955. In that election, the Muslim League lost its majority. But no other party- the Awami League, the United Front (non-Awami League East Pakistani parties), and the Republican Party- secured a majority. The major contribution of the new Constituent Assembly was that it passed a new Constitution (1956) based on the system of 'One Unit' under which the four provinces of West Pakistan i.e., Punjab, Sind, Baluchistan, and the Northwest Frontier Province were amalgamated into one unit, that is, West Pakistan and East Bengal and the Sylhet districts into another unit. Pakistan, in effect, was divided into two units East and West Pakistan. Politically it meant that the Bengali people were deprived of the political advantage of their being the majority of the population of the country. The 1956 Constitution, whatever its merits or demerits, introduced the parliamentary system of democratic government. As per the provision of the Constitution elections to the House of Representatives were to be held in 1959. By this time the pro-American group of Ayub, Mirza and Ghulam Mohammad was well entrenched in the power structure. Washington was convinced that Ayub and Iskander Mirza would support the US plans in the region and would cement U.S-Pak military alliance as represented by the Southeast Asia Treaty Organisation (SEATO) and later Central Treaty Organisation (CENTO). Election at this juncture would have strengthened the political parties and augmented political consciousness among the people. The oligarchy which would have lost its influence therefore acted fast. In September 1958, the Army seized power by staging a coup. The Constitution of 1956 was abrogated, political parties and activities were slandered and banned and the entire country was placed under Martial Law.

6.3.4 First Spell of Military Rule: Ayub-Yahya Period

Gen. Mohammad Ayub Khan was a Defence Minister as well as the Chief of Staff during Ghulam Mohammad's tenure in 1954. He launched the coup with the support of President Iskander Mirza. But within a month of taking over, the two fell apart. Suspecting that Mirza was conspiring against him, Gen. Ayub sacked President Mirza and exiled him to London. Ayub Khan ruled for four years as Martial Law Administrator. In 1962 he introduced the Basic Democracy system which envisaged a constitution based on the presidential system and indirect voting from bottom to the top. The administration was centralized and there was no separation of the executive, legislature, and judiciary. In 1962, the National Assembly was elected on indirect voting system which approved the Constitution and formalized the election of Ayub Khan as the President. The President was elected by an electoral college with about eighty thousand members which could easily be manipulated by those in power. The National Assembly had no powers even in financial matters. Ministers appointed by the President were not answerable to the National Assembly. No wonder, the Ayub Constitution was called Constitutional Autocracy.

Ayub ruled for over a decade. Some of Ayub's economic policies under the advice of the Harvard Group of economists led to high rate of growth. This period was even described in the West as a decade of development. However, the benefits of growth did not percolate to the poor. Instead, the gap between the rich and poor widened. It was the result of this policy that famous 24 families of monopolists emerged in Pakistan. Ayub's land reform also failed as most of the big landlords evaded it. His Bonus Voucher Scheme for encouraging exports and improving foreign exchange reserves bred galloping corruption. Regional disparities widened, particularly, between the East and West Pakistan. Naturally, the alienation of Bengal intensified which ultimately ended in the separation of the province within two years of Ayub's downfall in 1969. The India-Pakistan war of 1965 also resulted in a political crisis. The war was mainly an enterprise of Ayub who was well entrenched in power and thought of adding one

more feather of victory over India to his cap. The Tashkent Summit with Indian Prime Minister Lal Bahadur Shastri was seen as surrender in Pakistan. Another result of the Tashkent summit was that Zulfikar Ali Bhutto parted company from him. By 1968, Ayub's charisma had begun to fade. Increasing poverty and failure of the land reforms on the one side and corruption and frustration of the urban middle classes, on the other aggravated the economic and political crisis. Ayub tried to suppress the rising demand for autonomy in East Pakistan by harsh repression but it only intensified the movement against his rule and the political system he had set up.

The growing contradictions in the society which resulted in social unrest culminated in the outbreak of widespread mass upsurge in mid-1968. This forced Ayub to leave the stage unceremoniously, handing power to the Chief of the Army Staff, General Agha Muhammad Yahya Khan in March 1969. Yahya Khan imposed martial law and accepted the major democratic demands of the anti-Ayub agitation viz; the breaking up of the One Unit and direct election on the basis of one man one vote. In the first general elections in December 1970, the Awami League led by Sheikh Mujibur Rahman secured absolute majority, capturing almost all the 162 National Assembly seats for which the election was held in East Pakistan. In West Pakistan, the Pakistan Peoples Party (PPP) won a majority of seats. The election reflected the ethnic and geographical divide of the new nation. While the Awami League with its Six Point programme was dominant in East Pakistan, the PPP with its programme for a strong centre was dominant in West Pakistan. Yahya Khan in league with Zulfikar Ali Bhutto did not allow the Awami League to form the government. This provoked a bloody civil war in Pakistan which ended in the break up of Pakistan and the emergence of Bangladesh.

6.3.5 The First Ever Elected Government: Z. A. Bhutto Led PPP Regime

Zulfikar Ali Bhutto had emerged as a political leader in his own right during the movement against Ayub regime in 1968-69. Following differences with Ayub over the Tashkent Declaration in 1966, Bhutto left the government and founded the PPP in 1967 with the help of some left-wing intellectuals. He led his party to victory in West Pakistan for the National Assembly in the 1970 election. After the collapse of the Yahya regime in the wake of the defeat in the India Pakistan war of 1971 Bhutto was sworn in as the President and the Chief Martial Law Administrator, probably the only civilian Martial Law Administrator anywhere in the world. He had tremendous responsibility on his shoulders. The country after the shattering defeat in 1971 was in shambles, divided and demoralised and almost on the verge of bankruptcy. Moreover, some 90 thousand Pakistani soldiers remained in prisoner war camps in India. He set about with some determination to resolve the problems and salvage his country. Within few weeks he promulgated an interim Constitution as preparatory to a permanent Constitution. The 1973 Constitution was promulgated and had the support of all the political forces of the country. It is the first ever Constitution framed by the elected representatives of the people of the country. The Constitution of 1973 envisaged a federal system with parliamentary form of government. The President was merely a figure head. After the promulgation of the Constitution, Bhutto formed the government. Fazal Ilahi Chaudhary was elected the President.

After taking office as the Prime Minister he introduced several reforms which included the sacking of several Generals who were responsible for Pakistan's defeat and disaster during the Bangladesh crisis, raised a paramilitary force, the Federal Security Force (FSF), to avoid the use of the military for civilian purposes; nationalisation of several banks and other key industries and progressive land reforms. The Bhutto government also recognised Sindhi language as a medium of instruction in the Sind province, but this led to violent agitation by the supporters of Urdu. He introduced the all Pakistan unified grade in the services in place of the elite system inherited from the British days of the Indian Civil Service. The various governmental activities were divided in the groups like the district management group and the foreign affairs group etc. The 1977 election led to allegations of rigging against the PPP. It was clear that Bhutto's popularity had suffered erosion and his legitimacy had also been struck a blow. The army took

advantage of this weakening of the government and on 5th July 1977 Gen. Zia ul Haq overthrew the government, suspended the Constitution, banned all the political parties and imposed Martial law. The second spell of military rule began.

6.3.6 Second Spell of Military Rule: General Zia ul Haq Period

Gen. Zia ul Haq did not abrogate the Constitution but held it in abeyance. In September 1977, he withdrew the state of emergency but continued the Martial Law. He allowed the President to continue to perform his ceremonial functions. He pursued Bhutto with a vengeance. Bhutto was arrested for alleged hand in the murder of the father of a former member of the PPP. The Lahore High Court sentenced him to death for conspiracy to murder. The supreme court upheld the judgement and Bhutto was hanged in April 1979.

Soon after the coup, Gen Zia announced his intention to hold election within 90 days. However, as Gen Zia had no legitimacy whatsoever, he went on putting off the election on one pretext or the other. Resentment against the military regime gradually began to building up among the people. It took an organised form when in March 1981 an alliance of political parties led by PPP formed the Movement for the Restoration of Democracy (MRD). In response, Gen. Zia inducted some civilian ministers in his government and allowed more civilians to be included in the governments in the provinces. He promulgated an interim constitution and formed a Consultative Assembly called the Majlis i Shura. The Shura, consisting of 300 members, was intended to advice the government on legislative issues. Gen Zia believed that the introduction of Islamic measures would not only give him the legitimacy but also enable him to set up a new political system which would be difficult for any democratic government to change. The Shura was asked to evolve a democratic system in accordance with the requirements of Islam. Meanwhile, he introduced Islamic rituals, appointed prayer wardens to enforce observance of Islamic rituals, introduced Islamic Banks, compulsory deduction of Zakat, and similar other measures. Restrictions on civil liberties, political activities, and the press were not relaxed. Criminals and political dissidents were put on public trials and publicly flogged or canned. In December 1984, he conducted a referendum on his position as the President. The referendum was boycotted by all the political parties. The convoluted language of the ballot and the low voter turnout ensured a favourable vote for Gen. Zia. Interestingly, Gen. Pervez Musharraf was to organise a similar referendum with almost the same result.

After having got victory in the so-called referendum, Gen. Zia decided to hold the election for the National Assembly in March 1985 on non-party basis. Political parties were not allowed to nominate candidates. Further, the normal features of any election mobilisation- processions, demonstrations, canvassing or even manifestoes, etc-were banned. Most political parties, except the pro-Zia parties, boycotted the poll. It was also known that without the participation of the PPP the election would not carry any legitimacy. Gen Zia, therefore, tried to persuade Benazir to participate in the election and even offered to remove the partyless provision for the poll. But Benazir declined to participate in the election. She was to regret this decision later. She did ignore the fact that elections have their own dynamics and that was what happened. Prime Minister Mohammad Khan Junejo, who was an ordinary district level leader of the Muslim League who had been picked up by Zia and made Prime Minister in the non-party National Assembly later assumed importance and wanted to exercise power as the head of the Government of Pakistan and did not want to be treated as a puppet of the military. He manoeuvred to take several decisions against the wishes of President Zia and later paid for that temerity by being sacked by him in May 1988. The election had produced surprising results for Gen. Zia as many candidates known to be supporters of the PPP had been elected and many supporters of the Zia regime had been defeated. Once the National Assembly was elected it was realized that a government could not function without a ruling party. Hence Gen. Zia was forced to allow the parties to be revived and Mohammad Khan Junejo became the leader of the Muslim League (Pagara). The new National Assembly replaced the nominated Majlis i Shura.

It was on the eve of the inaugural session of the National Assembly that Prime Minister Junejo demanded the withdrawal of the Martial Law. Gen. Zia agreed to it on condition of some constitutional amendments being accepted by the Assembly. The amendments to clause 58(ii) b of the 1973 Constitution which were accepted enhanced the power and authority of the President. These came to be known as the 8th Amendment. Originally, the President was nothing but a constitutional head. The 8th amendment empowered the President to appoint and dismiss the Prime Minister, to dissolve the National Assembly and veto legislations passed by it, to call for fresh elections, to fill the top positions in the armed forces and the judiciary. Thus, the 8th Amendment changed the basic character of the 1973 constitution from a parliamentary to a presidential system. It is interesting that the dismissals of all the Prime Ministers thereafter till that of Benazir in 1996 were done under the power given to the President under this amendment and each dismissal carried the same language; charging the prime minister for corruption, ineptitude, maladministration etc. There was also one provision for the creation of a National Security Council as super constitutional body to monitor the Government and the National Assembly. Another provision in the 8th Amendment approved all changes that Gen. Zia had imposed on the Constitution since the martial law was proclaimed in July 1977.

In December 1985, Gen. Zia lifted the Martial Law and military rule. Junejo now formally became the leader of the Muslim League and the country's Prime Minister. But the civilian garb of the military regime failed to convince the people. The Movement for the Restoration of Democracy (MRD) continued its campaign vigorously. The political, economic and social crisis became intensified. There were ethnic conflicts and movements against the growing regional disparities in the provinces. The local bodies' poll in November 1987 provided the people an opportunity to air their grievances. Junejo was also getting more self confident and he wanted more freedom to act. Gen. Zia did not like the increasing independence of Junejo and dismissed him in late May and announced new elections for National Assembly and Provincial Assemblies to be held in November of the same year. Before the elections could be held, Gen. Zia died in an air crash on 17th August 1988.

6.3.7 Restoration of Democracy: The Ghulam Ishaq Khan's Period

Ghulam Ishaq Khan was a typical bureaucrat who had risen from the lowest to the highest position in the services. As he was also the Chairman of the Senate, he assumed the office of President on the death of President Zia ul Haq, as required by the constitution. He formed an Emergency National Council consisting of top military officers, the four Governors of the provinces, and four federal ministers to run the government. Even as Ghulam Ishaq Khan was pondering with the political situation in which the postponement of the elections or re-imposition of martial law had become difficult, some judicial decisions came in favour of the political parties. One court judgment declared the dissolution of the National Assembly by Gen. Zia illegal while another court decided that election should be held on a party basis. In the election held in October 1988, the PPP emerged as the largest party in spite of the efforts by the military establishment and the bureaucracy to prevent that. Benazir Bhutto was sworn as the Prime Minister in December 1988. The PPP government, in its efforts to strengthen democracy, withdrew all cases against political workers and removed restrictions on the trade unions and student's unions. The PPP also took steps to get the 8th Amendment repealed even though it did not have the requisite majority in the Senate. The opposition, led by Nawaz Sharief, a protégé of Gen. Zia, created many problems in the way of Benazir's policies.

In the provincial election, the PPP could not get majority in any of the provinces, though it managed to form coalition governments in Sind and the NWFP. The Islamic Democratic Alliance (IDA) led by Nawaz Sharief was able to form the government in Punjab. In Baluchistan, regional parties like Baluchistan National Party, Jamiatul Ulama Islam and the IDA formed a coalition government. But the coalitions in Pakistan have been rather brittle and the PPP led coalitions in the two provinces soon broke

down. This also weakened the Benazir government in the centre as it was also a precariously balanced coalition. The Muhajir Qawmi Movement (MQM) had complaints that the promises made to it were not being implemented. However, the problem with the PPP was that the any concession made to the MQM in Sind went against the interests of the PPP support base in that province. By this time the opposition parties banded themselves into a combined opposition parties (COP). In October 1989, the MQM left the Government. Soon a vote of no-confidence was moved against the Government. This time again, as in 1988, the Inter-Services Intelligence (ISI) was active mobilising the members of the opposition parties in support of the motion. The motion however, failed. There was resurgence of ethnic strife particularly in Sind. There was aggravation of the attacks on the Muhajirs and their organization the MQM. The PPP government was constantly being accused of bribery, corruption and maladministration. Law and order situation had also deteriorated. Economic situation also began to worsen because of inflation and unemployment. In August 1990, President Ishaq Khan, with the consent of the army, dismissed the government citing unconstitutional acts of corruption and economic ineptitude. Announcing fresh election in November, the President appointed a caretaker government headed by the COP leader Ghulam Mustafa Jatoi.

6.3.8 Military as Mediator in Politics: The Political Crisis of 1993

Nawaz Sharief was beholden to President Ghulam Ishaq Khan for creating conditions in which he could defeat Benazir and form the government. However, once in power Nawaz and Ishaq Khan fell apart. It was alleged that the President was involved in the resignation of some of the ministers in the Sharief government to destabilise it. This manipulation went on for several days before the President acted to dismiss the government and dissolve the National Assembly on 18th April 1993. The President had charged the Prime Minister Nawaz Sharief of maladministration, corruption, economic manipulation, incompetence and subversion of the Constitution. A caretaker government consisting of dissidents, some members of the PPP and others was appointed. Whatever might have been the charges, which in fact did not differ from those that had been made against Benazir in 1990 and Junejo in 1988, the issue in contention was the immense powers enjoyed by the President under the 8th Amendment. Sharief had been attacking the Amendment virulently while the President supported it and called it a safety valve.

It was the first time in the history of the country when there was popular resentment against the dismissal of the government by the President. The speaker of the National Assembly filed a petition in the court charging the dismissal as *malafide* and *ultra vires*. The Chief Justice, Nasim Hasan Shah, declared the dismissal as void and unconstitutional and overturned it. The National Assembly was convened and Nawaz Sharief secured a vote of confidence and was back in office. It was one of the rare judgments in the history of Pakistan's judiciary. On all earlier occasions, the Court had upheld the decisions of the Presidents including the dismissal of Mohammad Khan Junejo and Benazir.

However, the political feud between Sharief and Ishaq Khan did not subside and the President decided to strike at the political base of Sharief. The provincial Muslim League government in Punjab was dismissed. The deadlock continued and caused nervousness and uncertainty in the stock market and seriously affected the national economy. The army was dragged into the conflict and sought to resolve the crisis. After several days of hectic parlaying Gen. Abdul Waheed Kakar brought about an agreement under which both the President and the Prime Minister resigned and a caretaker government was formed with Dr Moeen Queishi, an employee of the World Bank as the Prime Minister. Wasim Sajjad former chairman of the senate had taken over as the interim President. Senior bureaucrats were ministers in the cabinet of Qureishi. Elections to the national and provincial assemblies were fixed for October 1993. This was to be third election within a period of five years. The PPP emerged as the largest single party in the National Assembly. The poll showed that people wanted

a democratic system to flourish in the country. The fundamentalist parties were routed. Though the PPP had not got a clear majority, Benazir got elected as the Prime Minister with the help of some friendly parties and a few independents.

6.3.9 General Musharraf's Military Rule

In the decade after Gen. Zia ul Haq's death it appeared as if some sort of balance had been struck between the civilian and military leadership. Four elections were held and four governments were elected and took office, though none of them completed its full term. But the Nawaz Sharief government which took office in early 1997 aggravated the political crisis. Having an absolute majority in the legislature, Nawaz Sharief government took some controversial decisions. First, it repealed the Eighth Amendment which had given extraordinary powers to the President. Later, in order to have a greater say in the appointment of the judges to the higher courts, the government engineered a revolt of judges of the Supreme Court against the then Chief Justice, Justice Sajjad Ali Shah. In his efforts to establish civilian authority over the armed forces, Nawaz Sharief forced the then army chief Gen Jahangir Karamat to resign. It was in the wake of the misadventure in Kargil that the new Army Chief Gen. Pervez Musharraf fell out with the government. On October 12, 1999, Nawaz Sharief sacked Gen Musharraf and appointed his crony Gen. Ziauddin Butt as his successor. Gen Musharraf who was at that time on his way back from Sri Lanka could not have done anything to save himself. However, the corps commanders refused to accept the dismissal of their chief and refused to hand over charge to the new Chief Ziauddin. Once Musharraf landed, he dismissed the government; placed Prime Minister Nawaz Sharief and other leaders under arrest and promulgated a new Provisional Constitutional Order (PCO). The PCO was later endorsed by the Supreme Court. Gen Musharraf did not declare a martial law, but called himself as the Chief Executive. Later in June 2001 he assumed the position of the President, after forcing President Rafiq Tarrar to resign.

The Supreme Court had given three years to Gen. Musharraf to hold election which he did in October 2002. In the run up to the election Gen. Musharraf brought several amendments to the Constitution to take care of any inconvenient result of the election. He also created a new party out of the Pakistan Muslim League (Nawaz) defectors called the Pakistan Muslim League (Q). Both the former Prime Ministers, Benazir Bhutto and Nawaz Sharief, were not allowed to return from forced exile abroad. The October election did not give majority to any party. By engineering defection from the PPP, Zafarullah Khan Jamali of PML (Q) secured a majority of one vote and formed the government. The opposition parties have refused to accept the amendments to the Constitution imposed by the President Musharraf called the Legal Framework Order (LFO) and also his decision remain the army chief while being the President.

Check Your Progress Exercise 2

Note : i) Use the space given below for your answers.

ii) Check your answer with the model answer given at the end of the unit.

- 1) When and how did the coalition of army, landlord and bureaucracy emerge in Pakistani polity?

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2) Why is the 8th Amendment so much dreaded?

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3) What were the measures taken by the Nawaz Sharief government which precipitated political crisis resulting in the coup by General Mussaraf?

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6.4 BUREAUCRACY

The Indian bureaucracy, a part of which became Pakistan's bureaucracy, had been developed by the British as part of the centralized administrative machinery headed by selected cadres who were called as the Indian Civil Service (ICS). They held all the key posts in the central and provincial administrations. They also headed the district administration. The provincial civil cadres and the men belonging to the specialized services held positions under these elite cadres. Pakistan maintained this structure by introducing Civil Service of Pakistan (CSP) in place of ICS. The political leadership of Pakistan contributed to strengthening of the old system instead of trying to adopt the colonial bureaucracy to the needs of an independent country. Jinnah had first recruited a top bureaucrat, Ghulam Mohammad as a minister. He had also created the post of the Secretary General of the Government of Pakistan. The Secretary General controlled all the secretaries of the government of Pakistan. He was the head of the secretaries of the various ministries. All the important decisions were taken by committee of the Secretaries which during long periods of military rule and authoritarian regimes acted as the super cabinet. The PPP government of Zulfikar Ali Bhutto introduced reforms in this system when a unified grade system was introduced. During the Zia period some of those reforms were rescinded and reverted to the old system.

6.5 ARMY

Pakistani army was part of the British Indian army and was steeped in its traditions. There was one exception to this. While the British army was non-political the Pakistani army got involved in politics from the very inception of the country in 1947. During the British period the army officers and the soldiers were recruited from the rural areas and from the landlord class. They were not drawn from the urban and educated classes. Pakistan continued the tradition and recruited its officers and men from the same classes. During the several spells of the military rule in the country officers and men in the armed forces were given land from the newly reclaimed land made available from the newly built dams. Similarly, military personnel were given import-export licences and during military rule made heads of big corporations and business houses. The military has set up several business enterprises of its own and they have grown immensely because of the preferential treatment given to them during the military regimes of Ayub, Zia and Musharraf. These military officers and men have emerged as the new class of landlords, business men and industrialists. In the post-Ayub and during the Zia period the middle classes never had it so good. The main beneficiaries were also the military establishment.

6.6 ELECTION AND PARTIES

A major factor in the weakness of the democratic movement in Pakistan has been the weakness of the political parties. Political parties are strengthened by active democratic processes and in turn strong political parties strengthen the democratic processes. The irony of the situation was that the Muslim League which championed the cause of Pakistan had no strong popular base in the areas which came to comprise the new nation. Moreover, the leaders of the Muslim League could not evolve any consensus on the outlines of the polity for the nation. As a constitution could not be framed for the country, the question of elections to the central legislature did not arise. However, some elections were held in the provinces but the electorate was restricted under the 1935 Constitution. Later, when the 1956 Constitution was promulgated it was abrogated by the Ayub Khan's coup in 1958 even before the first election could be held. The Ayub Constitution, based on indirect voting from top to bottom, had banned political parties for a long time. Though the ban was lifted later, political parties found no place in Ayub's constitutional autocracy. The first ever general election on the basis of adult franchise and territorial constituencies were held under the military rule of Gen. Yahya Khan in 1970. The election in which the PPP got a majority in West Pakistan and the Awami League capturing almost all the seats in East Pakistan projected the national divide between the two wings of the country. This has a disastrous result as the eastern wing eventually got separated and emerged as an independent nation.

Zulfikar Ali Bhutto formed the first democratically government in Pakistan in 1971. Bhutto had come to power in a Pakistan which was reeling under the blows inflicted by the defeat and loss of eastern wing. The economy was in shambles and there was total demoralisation among the people. Bhutto did try to strengthen democracy but he was severely handicapped by his background of belonging to one of the largest feudal families in Pakistan. Whatever freedoms he gave with one hand he took them away with the other. His authoritarian conduct antagonised the opposition and his own party could not cope with the hostility of the people. It is therefore, not surprising that when Gen. Zia took over and arrested Bhutto, there was no protest from the people. Gen. Zia banned political parties and political activities during his eleven years of rule. He even tried to set a partyless polity. However, that did not work. He died in an air crash in 1988. During the next eleven years of democratic rule four elections were held in 1988, 1990, 1993 and 1997. In these four elections, the contest has been between the two major parties, the Pakistan Muslim League (Sharief) (PML-S), a distant successor of the erstwhile Muslim League and the Pakistan's People Party (PPP), with each of these parties forming government twice. It appeared that Pakistan was moving toward a two party system. However, it should be noted that the PPP did not get an absolute majority in neither of the two elections when it was able to form the government with the help of other smaller parties. The PML-S, because of the Muslim League's base in Punjab, was however, able to sweep the poll both in 1990 and in 1997 and form the government on its own. The regional parties in Pakistan like the Muttahida Qawmi Movement (MQM) in Sind and the National Awami Party in the NWFP and the Baluch National Party in Baluchistan have done well but in their own provinces. The MQM is a major regional and ethnic party. In fact, it's the third largest party in the country after the PPP and the PML-S. There are other ethnic parties which also do well in certain areas and some time play a role at the national level when the major party does not have adequate majority. The religious parties like the Jama'at-i-Islami, the Jamiat al Ulama Islam led by Maulana Fazalur Rahman, the Jamiatal Ulama Pakistan in combination or on their own cannot make much of an impact as their electoral base is limited. Jamiatal Ulama Islam has strong pockets of influence in Baluchistan and in the NWFP. Its late leader Maulana Mufti Mahmood was the chief minister of the province in coalition with National Awami Party in the early seventies.

The fractured nature of the political parties in Pakistan was reflected during October 2002 elections in which some 71 parties were registered by the Election Commission. However, there are about nine Muslim Leagues, three PPPs and similarly most of the religious parties are represented by their factions which split away from their parent parties and are now contesting as independent parties. In that election, no party secured a clear majority. Observers say that the results have been manipulated by the military regime which had exiled three national leaders of the national parties from the country and debarred them from participating in the election. Shortly before the poll, Musharraf had declared himself as the President for the next five years. The emergence of an alliance of fundamentalist parties called the Muttahida Majlise Amal (MMA) was another sign of the weakness of the democratic movement and the manipulation of the poll by the military rulers. Since no party was in a position to form a government, the military pressurized some PPP members to defect and help the PML(Q) to form the government.

The PML(Q) government headed by Mir Zafarullah Khan Jamali is a weak government as it is wholly obliged to the General for its existence. Attempts are made to get the MMA to support the government but the opposition is insisting that the amendments including the LFO incorporated in the constitution be purged from it and Gen. Muhsarraf resign from the army to be the President as a President in uniform was against the Constitution. There is a constitutional deadlock in the National Assembly and so far there is no chance of a compromise.

Check Your Progress Exercise 3

Note : i) Use the space given below for your answers.

ii) Check your answer with the model answer given at the end of the unit.

1) What was the role of bureaucracy in the early years of Pakistan?

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2) What is the role of political parties in the political system of Pakistan?

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6.7 LET US SUM UP

We have examined the political developments, structures and political processes in Pakistan. As we observed, Pakistan had to start from a scratch. Civil political structures were very weak. But the country inherited a strong and huge army along with an organised bureaucracy. In the context of a weak civil political structure, the army backed by the bureaucracy usurped the political power. The army gradually managed

to gain a firm foothold in the socioeconomic structure. Though there has been mass upsurge against the army led government, Pakistan could not establish a democratic system of government. In the 1990s, just as democratic structures were getting a new lease of life with the possibility of the emergence of a two party system, praetorian political forces intervened once again. The army remains a very strong institution in Pakistan.

6.8 SOME USEFUL BOOKS

Sayeed, Khalid. (1992) *Pakistan: The Formative Phase*; Oxford University Press. Karachi.

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Khan, Hamid. (2001) *Constitutional and Political History of Pakistan*. Oxford University Press. Karachi.

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Rizvi, Hasan Askari. (2000) *Military, State and Society in Pakistan*. Milton Press. London.

6.9 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress Exercise 1

- 1) Your answer should include the following points: economic backwardness- insufficient infrastructure-weak civilian political structures- strong army and bureaucracy.

Check Your Progress Exercise 2

- 1) The traditional linkages between the army and the feudal landlords combined with the predisposition of the early rulers to politicise bureaucracy brought the oligarchy or the coalition armed forces, landlords and bureaucracy into being in the 1950s.
- 2) The 8th amendment fundamentally altered the parliamentary structure in Pakistan by giving enormous power and authority to the President vis a vis the executive and the legislature. The President had special powers to dismiss elected government at will, to veto any legislation and dissolve the legislature. Both Benazir Bhutto and Nawaz Sharief went down fighting for its repeal.
- 3) Nawaz Sharief, who formed the government with an absolute majority, antagonised the armed forces by repealing the 8th amendment and forcing the chief of the army Gen Jahangir Karamat to resign. The government's interference in the working of the judiciary also resulted in a crisis and loss of support to the government.

- 1) Pakistan inherited a well trained bureaucracy at the time of independence. It was, however, politicised by successive rulers in the early period. Zulfikar Ali Bhutto took the first steps to reduce the influence of the elite cadres in key positions.
- 2) Political parties are strengthened by active democratic processes and in turn strong political parties strengthen the democratic processes. Due to the delay in framing the constitution of Pakistan and the partyless system of government introduced by the military regimes of Ayub and Zia, parties system remain stunted. Political parties here lack discipline and are fractious. About 71 parties contested the October 2002 elections, though the Pakistan Peoples Party and the Pakistan Muslim League and their factions dominate the political arena.

UNIT 7 ECONOMY AND SOCIETY IN PAKISTAN

Structure

7.0 Objectives

7.1 Introduction

7.2 Economic Development

- 7.2.1 The Early Years: Quest for Survival
- 7.2.2 The Ayub Decade of Development
- 7.2.3 Bhutto's Experiment with Socialism
- 7.2.4 Military Government of Zia
- 7.2.5 Return of Democracy and Structural Adjustments: 1988-98
- 7.2.6 Economy in the New Millennium
- 7.2.7 Structural Change

7.3 Social Development

7.4 Pakistan's Society

- 7.4.1 Linguistic Groups
- 7.4.2 Ethnic Groups
- 7.4.3 Religion

7.5 Let Us Sum up

7.6 Key Words

7.7 Some Useful Books

7.8 Answers to Check Your Progress Exercises

7.0 OBJECTIVES

This unit examines the economy and society of Pakistan. After going through this unit, you should be able to:

- Trace various phases in the development of Pakistan's economy under different regimes;
- Explain the features and structural changes in Pakistan's economy;
- Recognise the social dimensions of Pakistan's development; and
- Describe the nature of Pakistan's society, its linguistic ethnic and religious characteristics.

7.1 INTRODUCTION

Pakistan is the second biggest country in South Asia. It is about 1500 kilometres long from north to south and on an average four hundred fifty kilometres in breadth like a rectangle stretching from the Pamir region in the north to the Arabian Sea in the south. In the north, the high mountain ranges, the Himalayas, the Hindu Kush and the Karakoram separate the country from China and central Asian states and Afghanistan. In the west of Pakistan lies southern Afghanistan and eastern Iran, on the eastern side the country borders Indian states of Jammu and Kashmir, the Punjab, Rajasthan and Gujarat. The Arabian Sea which connects the nation with the high sea, forms the southern boundary of the country.

Pakistan is a country of many splendours and physical diversities. The natural features of the country change almost every hundred kilometres or so. There are coastal beaches, lagoons, mangrove swamps in the south, deserts, desolated plateau, fertile plains, and dissected uplands in the central region and high mountains in the northern sector.

Pakistan is the third biggest country in South Asia, in terms of population size. Its population consists of five major ethnic groups: Punjabis, Pashtuns, Sindhis, Baluchis and the Muhajirs or the emigrants from northern India.

Pakistan inherited a predominantly agricultural economy. With over 90 percent of the country's population living in villages, it was even more agricultural than the Indian economy. Pakistan also had very little mineral resources and modern factory industry was virtually absent. Since then, Pakistan has made significant progress in industry and has recorded impressive growth rates. But most of the GNP growth came from the industrial sector than from the agricultural sector, which for some years failed to increase production of food grains at a rate sufficient to compensate for the rise of population. Moreover, the fruits of economic growth have been unevenly distributed, whether spatially or class wise. Pakistan has remained a very unequal society.

Efforts to correct these imbalances were made during the Bhutto regime, the first elected civilian government in Pakistan. Before a significant progress could be made in this direction, Pakistan returned to military rule. As we shall see in this unit, the disturbed political history of Pakistan has hindered or distorted economic development in Pakistan. In this unit, we will examine the economic policy and planning in Pakistan under successive political regimes to highlight the policy thrusts of each regime and the impact of external environment on the economic progress.

7.2 ECONOMIC DEVELOPMENT

When Pakistan was formed in 1947, the new state had to start almost from a scratch. The areas which constituted Pakistan were mostly agrarian and backward and were dominated by a few feudal landlords. The few industries it inherited were based on either handicrafts or on processing of agro-products. The country's industry and trade were again largely under the ownership of Hindus and Sikhs who left the country with their capital immediately after the partition. These communities had managed much of the commercial activity of West Pakistan. Hence their departure caused a vacuum in these critical areas.

Pakistan's initial problems were further aggravated by the influx of a vast number of refugees. It is estimated that nearly 12 million people from India migrated to Pakistan during the first three years of partition.

The partition of the sub-continent disrupted the principles of complementarity that earlier prevailed in the region. For instance, West Pakistan traditionally produced more wheat than it consumed and had supplied the deficit areas in India. Cotton grown in West Pakistan was used in mills in Bombay and other western Indian cities. Manufactured products such as coal and sugar were in short supply in areas that constituted Pakistan and came from areas today part of India.

The division of administrative machinery, the Indian Civil Service and the Indian Police Service, was also problematic. Out of a total of 1,157 officers, only 157 joined the Civil Service of Pakistan, which became one of the most elite and privileged bureaucracies in the world.

The substantial irrigation network inherited from British rule was the only redeeming feature of the new state. Given the predominantly agrarian nature of the economy at partition, a viable irrigation system was a necessary input for the revival of the agrarian

economy, given the inadequacies of other infrastructure such as roads, power, railroads, etc.

7.2.1 The Early Years: Quest for Survival

In the early years (1947-58), economic policy and planning in Pakistan was dominated by a small group of bureaucrats. Given the profound adverse conditions at the time of partition, the focus of economic planning was on keeping the economy going. The herculean task of building an economic base was left to the state sector as the private sector was too weak and lacked the capital to launch industrial development in the country.

An analysis of economic policy from 1947-58 shows a series of *ad hoc* reactions to crises. On refusal of Pakistan to devalue its currency with the devaluation of pound sterling and India following it, India severed its trade relations with Pakistan. The Korean War of 1952, however, proved a blessing for Pakistan by causing an upsurge in demand for Pakistani exports, mostly raw jute and raw cotton, and assisting in the creation of a nascent entrepreneurial class. It was this windfall that laid the foundation of industry in Pakistan.

The end of Korean boom led to a re-examination of policy that led to the rigid system of import licensing designed to manage Pakistan's adverse balance of payments problem. The cumbersome web of administrative and licensing control that resulted later formed the backbone of Pakistan's import substitution strategy.

Thus, the first decade after independence was essentially bureaucratic-led and assisted industrialisation. Since much of the bureaucracy was composed of urban migrants from India, it had little knowledge of or interest in agriculture and felt that manufacturing should receive far greater state patronage. The big landlords and *nawabs* who enjoyed some political clout could not translate it into economic clout. While a small number of industrialists who secured high profits in the early years acquired economic clout, they did not have the political clout; they were dependent on the benevolence of the *licence-rāj* of the civil servants. With disarray in the ranks of the political groups that existed, the military stepped in to restore law and order and to promote bureaucratic capitalism that had emerged in the 1950s.

7.2.2 The Ayub Decade of Development

General Mohammad Ayub Khan's military regime was characterised by controversial and paradoxical combination of the most impressive growth rates in Pakistani history, combined with large increases in income inequality, inter-regional disparities and the concentration of economic power.

During this decade, the economic indicators were extremely impressive, with GNP growth rate hovering around 6 percent mark throughout the decade. Agriculture grew at a respectable rate of 4.1 percent over the period, while manufacturing growth rate recorded 9.1 percent and trade 7.3 percent. However, statistics on income distribution, wages and human capital development present a dismal picture. The indices of income inequality worsened and the ranks of the poor increased. Wage increases did not match productivity gains as the living standards of a large majority of the population stagnated.

The centrepiece of Ayub's economic strategy was the commitment to rapid industrialisation. Policy making was tailored to promote industrial investment. This system provided a plan and procedure for investment licensing and credit disposal. Furthermore, the Pakistan Industrial Development Corporation (PIDC) was formed to spearhead the industrialisation drive by providing the critically needed capital and then withdrawing in favour of the private sector, which lacked the skills or the finances to undertake very large projects. As industrial profits were more widespread, an entrepreneurial class emerged. It was this class which provided the dynamism that had been absent during the 1950s. This class helped accelerate the rate of growth in the large scale manufacturing sector to more than 15 percent during the decade.

The Ayub decade also witnessed a series of reforms aimed at strengthening the agriculture sector. The land reforms of 1959 were designed to make a dent on the stranglehold of the dominating landlord class while at the same time encouraging capitalist agricultural development.

This was followed by the Green Revolution in mid-sixties. The Green Revolution was characterised by the introduction of high yielding varieties of rice and wheat and the mechanisation and diffusion of technology aimed at boosting Pakistan's agricultural growth. The expansion of irrigated acreage with the installation of private tube wells, and increased use of chemical fertilizers contributed to agricultural growth. The rapid mechanisation of agriculture however led to the displacement of small farmers, thereby aggravating rural inequality.

Thus the legacy of the Ayub years is mixed. While the consolidation of economic management and the high growth rates were important achievements, the growing income inequality, wage stagnation, the neglect of human capital, and the growing dependence on foreign capital in flows, all pointed to the challenges that future regimes would need to face.

7.2.3 Bhutto's Experiment with Socialism

In 1971 Pakistan lay traumatised by the cessation of East Pakistan and the defeat in the war with India. The end of the war marked the accession of Zulfikar Ali Bhutto, then a charismatic elected leader who encouraged a broad restructuring of the country's industrial and agricultural sector along socialist lines. It marked the strongest attempts to day of the assertion of political authority over the country's army and bureaucracy. It sought to rectify the social and economic imbalances that characterised the previous decade.

Bhutto promised a new development strategy that was more equitable than previous policies. One of the key decisions of the Bhutto administration upon accession to power was the devaluation of the rupee in 1972 by 57 percent and abolition of the multiple exchange rate system. This led to a phenomenal surge in exports as Pakistan found new markets to replace the loss of trade with its erstwhile eastern wing.

The most dramatic decision of the Bhutto regime was the nationalisation of large private manufacturing and financial institutions. In 1972 all private banks and insurance companies and thirty-two large manufacturing plants in eight major industries were nationalised with the avowed objective of reducing the concentration of wealth and diluting the power of private industrialists. Consequently, the composition of investment changed dramatically from private to public sector. Nevertheless, nearly 80 percent of the value added in the large scale manufacturing sector, particularly in textile and consumer goods remained in the private sector.

The outcome of nationalisation was not favourable as the large scale nationalised sector performed very sluggishly during this period owing to lack of able managers and technicians, many of whom migrated to the Middle East lured by higher salaries. Private capital fled the country or went into small scale manufacturing or real estate. One positive outcome of this was that the small scale manufacturing sector registered a growth rate of 10 percent per annum in this period compared to 4.2 percent for the large scale sub-sector. Another positive feature of industrialisation during this period was that for the first time an attempt was made to set up basic industries in steel, fertiliser and chemicals which laid the foundation for future growth that benefited subsequent regimes.

Agricultural growth slowed during much of the decade, due to a combination of exogenous and policy factors. Firstly, climatic shocks and viral diseases affected the crops, with marked damage to cotton production. Secondly, there was an overall shortage of the critical agriculture inputs such as water and fertiliser that were required to maintain productivity gains of the high yielding varieties.

One unfavourable trend relating to Pakistan's external sector during Bhutto years was the growing balance of payments difficulties and the consequent increase in the country's external debt. However it was during these years that Bhutto's policy contributed to rapidly increasing remittances that also helped to cushion the country's external dependence.

This is also the period of one of Pakistan's slowest economic growth, constrained by a series of exogenous shocks, causing significant macro economic instability. Firstly, the cessation of East Pakistan after a brutal civil war led to a break-down in inter-wing trade. Secondly, the 1970s marked the beginning of a series of oil shocks induced by the newly formed OPEC cartel. Thirdly, the 1970s was a period of substantial fluctuation in international prices of Pakistan's commodity exports, making export performance highly uncertain. Finally, a combination of bad weather, flooding and pest attacks adversely affected the production of cotton, weakening the economy.

7.2.4 Military Government of Zia

This period coincided with the military rule of General Zia-ul-Haq, who acceded to power with the goals of restoring political stability, liberalisation of the economy and islamisation of society.

In explicit contrast to 1970s, the 1980s was a period of reversal from public sector-led growth strategy. Destabilising exogenous shocks were absent in this period. As a result, the growth rate in GNP was over 6 percent. High rates of industrial growth were led by the coming on stream of the earlier investment made in the public sector under Bhutto, especially in heavy industries, and also by rapid expansion in domestic demand.

The Russian intervention of Afghanistan in 1979 propelled Pakistan to the forefront of international political attention. Not only did it give political legitimacy to the regime, it also set the way for substantial infusion of foreign aid and war-related assistance that together with generous inflow of remittances provided a safety value for the Pakistani economy.

One of the negative effects of the Afghan war was the mushrooming of parallel and illegal economy estimated at about 20-30 percent of the GDP.

The 1980s witnessed a surge in inflow of remittances from Pakistan, averaging about \$3 billion per year for most of the decade. These remittances accounted for 10 percent of GDP and 45 percent of current account receipts. The flow of remittances supplemented household incomes and financed the private sector with a pool of funds for investment.

The 1980s, however, witnessed the widening of fiscal deficits, which averaged 8 percent of GDP in the second half of the 1980s. This had serious repercussions for public finances and macroeconomic stability in the 1990s.

On the industrial front, the Zia regime began to deregulate and liberalise the economy to encourage private-sector investment. The denationalisation of certain public sector projects, the provision of a package of fiscal incentives to the private sector, and the liberalisation of regulatory controls characterised the government's industrial policy in the 1980's.

During this period the continued growth of small-scale sector and the development of intermediate and capital goods industries led to the diversification of Pakistan's industries.

The 1980s also witnessed significant structural change for Pakistan's agriculture with deregulation of markets and production. Policies to revamp agricultural sector included the deregulation of the sugar, pesticide and fertilizer industries, the removal of monopoly power of the Rice and Cotton Export Corporations, and the removal of bans on the

private sector's import of edible oils. As subsidies on pesticides and fertilizers were removed, the price system became more market oriented.

Overall, this was a period of substantial macroeconomic stability and revival of private investment. However, but the burgeoning trade and budget deficits did not bode well for economy in the subsequent period.

7.2.5 Return of Democracy and Structural Adjustments: 1988-99

Following the death of General Zia in 1988, democratic institutions were restored. Between August 1988 and August 1997, Pakistan had four general elections with both Benazir Bhutto and Nawaz Sharif being returned to power twice. None of the elected governments were able to complete their full term.

The excessive non-bank borrowing by the government in the 1980s to finance budget deficit left a legacy of debt and debt servicing in the 1990s with total interest payments amounting to one-third of total expenditures. The persistent high deficit/GDP ratio which averaged 6.8 percent during the 1990s, was beginning to take its toll on the economy. Not only were the deficits large compared to other developing countries, the inflexibility in expenditure reduction imposed by domestic debt servicing obligations and defence outlays did not permit much room for manoeuvre to reduce the current expenditures.

While there was a fundamental consensus on basic economic policies among the major political parties-the Pakistan People's Party and the Muslim League, there was lack of continuity of programmes and policies. Administrative ad hocism and policy reversals failed to cash in the advantages of this economic policy consensus. Instead, each group of the two rival political contenders used these mechanisms to establish political power and supremacy.

During this period a number of reforms were introduced in the trade sector. In the 1990s a series of policies were introduced that reduced the items under Negative List, abolished industrial licensing, and simplified procedures for foreign investor. Furthermore, a generous package of incentives was given to exporters. A package of policies was introduced in 1990 to encourage deregulation, liberalisation and privatisation of industry. Further, a combination of fiscal incentives-tax holidays, delicensing of investment regimes, and reduction of tariffs on capital goods were meant to encourage the flow of private investment. However, owing to financial repression and lack of transparency, the response of the private sector to privatisation has been halting and hesitant.

Agricultural performance during the 1990s was missed. Heavy flooding and pest attacks during 1991 and 1993 reduced cotton output and exposed the vulnerability of the Pakistani economy to its dependence on the vagaries of the weather and a single cash crop.

In sum, Pakistan's economic growth decelerated in the 1990s for a variety of reasons, including worsening of macroeconomic environment, serious lapses in implementation of stabilisation policies and structural reforms, adverse law and order situation, inconsistent policies and poor governance. As against an average growth rate of 6.1 percent in the 1980s, the real GDP growth rate slowed to an average of 4.9 percent in the first half, and 4.0 percent in the second half of the 1990s. The external sector and particularly the management of debt put the economy under severe pressure. The cumulative imbalances of fiscal and current accounts combined with the decay of key institutions and poor governance have neutralised the liberal economic policy regime.

7.2.6 Economy in the New Millennium

A military government was installed for the fourth time when on October 12, 1999 when in a military *coup*, General Pervez Musharraf, Chief of Army Staff, took over the country's administration.

The economy of Pakistan was in total chaos when the military regime took over power. The country was heavily dependent on foreign loans to meet deficit repayment obligation, with 56 percent of the budget going towards debt servicing. The total external debt was US \$39 billion, and foreign exchange reserves were a mere \$1.45 billion. Tax collections had plummeted, while fiscal deficit had risen to 6.45 percent of GDP in 2000.

Pakistan's GDP slumped to mere 2.2 percent and 3.4 percent in fiscal years 2000-01 and 2001-02 respectively. These growth rates were the lowest in Pakistan's recorded history.

The above indicated weaknesses notwithstanding, the military regime has been able to reduce the fiscal deficit to 5.6 percent of GDP compared to 6.1 percent of the 1990s. What needs to be noted here is that as much as 40 percent of this reduction in deficit was achieved by drastic curtailment of public investment.

The performance of agriculture in the first two years of the new millennium was most dismal. Agriculture recorded negative growth of 2.64 percent and 0.07 percent in the first two fiscal years. The main reason for this poor performance was shortage of irrigated water caused by severe drought conditions.

Since Musharraf's takeover, Pakistan was in increasing danger of defaulting on its foreign debt. But then came September 11, 2001 terrorist attack on the United States which made Pakistan a frontline state supporting the US war against the Taliban and Al-Qaida movement. The US pledged over one billion US dollars in aid and the Paris Club creditors restructured and rescheduled much of Pakistan's external debt. The US further lifted all economic sanctions that it had imposed against Pakistan for conducting nuclear tests in mid-1998.

The fiscal year 2002-03 has witnessed a sharp recovery in economic growth accompanied by equally impressive performance of agriculture and large-scale manufacturing. While the travails of water shortages persisted, the extent of water shortage was less detrimental. The production of major crops recorded substantial recovery. The overall manufacturing sector also grew by 7.7 percent.

7.2.7 Structural Change

Over time Pakistan's economy has undergone profound structural changes. Soon after independence in 1949/50, West Pakistan's GDP from agriculture contributed around 53 percent of the country's GDP, manufacturing 7.8 percent, and retail trade and services, 39.0 percent. By 1996-97 agriculture contributed a mere 24 percent, manufacturing 26.4 percent and services 49 percent. The labour force employed in agriculture declined from 65.3 percent in 1990-91 to 46.8 percent in 1994-95. During this period the labour force in manufacturing increased from 9.5 percent to 18.5 percent while those engaged mostly in services and trade increased from 25.2 percent to 34.7 percent. In terms of urbanisation in 1951 only 17 percent of West Pakistanis lived in urban areas which increased to 40 percent by the end of the nineties.

Check Your Progress Exercise 1

Note : i) Use the space given below for your answers.

ii) Check your answer with the model answer given at the end of the unit.

1) When was the foundation for heavy industry laid in Pakistan?

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- 2) What factors contributed to the slowing of economic growth during the Bhutto years?

- 3) What was the main thrust of Pakistan's industrial policy in the 1980s?

7.3 SOCIAL DEVELOPMENT

It is generally acknowledged that Pakistan's social development indicators have failed to keep pace with the country's economic development. In 1999 the literacy rate in Pakistan was only 46.4 percent (being 58.3 percent for males and 33.5 percent for females). In the same year the primary enrolment ratio was 56.4 percent (64.5 percent for males, 47.7 percent for females).

Pakistan's health-related indicators present a dismal picture. In 2001 Pakistan's infant mortality rate stood at 84/1000 and under five mortality rate 109/1000. With a fertility rate of 3.8 and a life expectancy of 61 years, Pakistan reflected very underdeveloped, demographic characteristics.

In 2001 Pakistan had a population of 136.3 millions of which 70.6 millions were males and 65.7 million females giving an adverse gender imbalance of 108 males per 100 females. Even during periods of buoyant growth rates, the poor in Pakistan appear to have been left behind. In 1964, 40.2 percent of the population was estimated to be poor. This percentage dropped to 17.3 in 1987-88 but began to climb again. According to some estimates, by 2000-01 the poverty levels had reached the 1964 level of 40.1 percent. In terms of poverty ratio therefore, the country has arrived at where it was four decades back. Given higher population today, this implies a much larger number of poor today than in the past.

In terms of inequality too, Pakistan's record has been dismal. Over the four decades beginning 1963-64, the share of income of the lowest 20 percent of the population increased marginally from 6.4 percent to 6.6 percent in 1998-99, while the share of the middle 60 percent declined from 48.3 percent to 45.6 percent, while the share of the highest 20 percent increased from 45.3 percent to 47.8 percent.

Since the 1980s Pakistan's unemployment rate has similarly shown an adverse trend. The unemployment rate increased from an average of 3.5 percent during 1981-90, to 5.7 percent during 1991-2000 and further to 6.7 percent in 2000-01.

The structural adjustment programme beginning 1988-89 under the tutelage of the International Monetary Fund and the World Bank has required the slashing of the budget and current account deficit and a number of sectoral programmes. In the process, the poor have not only borne the major brunt of the adjustment, but also of the policy responses as may be seen from the poor social development indicators.

7.4 SOCIETY IN PAKISTAN

7.4.1 Linguistic Groups

Language is an important marker of ethnic identity. Among the more than twenty spoken languages in Pakistan, the most common ones – Punjabi, Sindhi and Urdu, as

well as Pakhtu (or Pashtu), Baluchi, belong to the Indo-Aryan branch of Indo-European language family. Some other languages are linked to *Dardic* branch of Indo-European and early Dravidian language family. *Brahui* is one of them and is spoken by a group in Baluchistan.

Nearly half (48 percent) of all Pakistanis speak Punjabi. The next most commonly spoken language is Sindhi (12 percent), followed by Punjabi variant, Siraiki (10 percent), Pakhtu or Pashtu (8 percent), Baluchi (3 percent), Hindko (2 percent), and Brahui (1 percent). Native speakers of other languages including English, Burushaski and various other tongues account for 8 percent.

Muslims of the Indian sub-continent have long felt that Urdu symbolises their shared identity. It had served as a link among educated Muslims. The Muslim League promoted Urdu as the national language to help the new Pakistani state develop an identity, even though it was spoken as a native tongue by only 8 percent of the population. A large number of people from educated backgrounds, who aspired for upward mobility, began to speak Urdu. However, because many of the elite were fluent in English, English became the *de facto* national language.

Punjabi, spoken by nearly half of the population, is an old, literary language whose early writings consist chiefly of folk tales and romances. Although Punjabi was originally written in Gurumukhi script, in the twentieth century it has been written in Urdu script. Punjabi has a long history of being mixed with Urdu among Muslims, especially in urban areas. An example of the latter is the variant of Punjabi spoken in Sargodha in Central Punjab.

7.4.2 Ethnic Groups

The ethnic composition of Pakistan in mid-1990s roughly corresponds to the linguistic distribution of the population, at least among the largest groups. 59.1 percent of Pakistanis identify themselves as Punjabis, 13.8 percent as Pakhuns, 12.1 percent as Sindhis, 7.7 percent as *mujahirs*, 4.3 percent as Baluch, and 3 percent as members of other ethnic groups. Each group is primarily concentrated in its home province, with most *Muhajirs* residing in urban Sindh.

Most Punjabis trace their ancestry to pre-Islamic Jat and Rajput castes. Other Punjabis trace their heritage to Arabia, Persia, Baluchistan, Afghanistan and Kashmir. Thus, Punjabis had diverse origins yet they have coalesced into a coherent ethnic community that has historically placed as great emphasis on farming as on fighting.

Punjabis predominate in the upper echelons of the military and civil service and in large part run the central government. This situation is resented by many Pakhtuns and Baluch and particularly by the Sindhis who are under represented in the public sector.

During British rule, Sindh, situated south of Punjab, was the neglected hinterland of Bombay. The society was dominated by a small number of major landholders (*Waderas*). The oppressed tenant farmers, who formed the majority, were subject to outright servitude. The province approached independence with entrenched extremes of wealth and poverty.

There was considerable upheaval in Sindh in the years following partition. Millions of Hindus and Sikhs left for India and were replaced by roughly seven million *muhajirs* who took the positions of the fairly well educated emigrant Hindus and Sikhs in the commercial life of the province. Later the *muhajirs* provided the political basis of the Refugee People's Movement (Muhajir Qaumi Mahaz – MQM). As Karachi became increasingly identified as a *muhajir* city, other cities in Sindh, notably, Thatta, Hyderabad and Larkana became the headquarters for Sindh resistance.

The North-West Frontier Province is closely identified with *Pashtuns*, one of the largest tribal groups in the world. They are a major group in Baluchistan and southern

Afghanistan. At the time of British withdrawal from the Indian sub-continent, the Frontier Congress, which was quite active in this region under the leadership of Khan Abdul Gaffar Khan, demanded the creation of a separate state of *Pashtunistan*. As this was not accepted, this region became a part of Pakistani state. But it also laid the seeds for a *Pashtun* movement.

Since 1980s many *Pashtuns* have entered the police forces, civil service and military and have virtually taken over the country's transportation network. They also secured representation in the political structure of Pakistan which has to some extent dampened the *Pashtun* movement.

Baluchis are another important ethnic minority of Pakistan belonging to the frontier region. Divided into four major groups- *Marric*, *Bugtis*, *Bizonjor*, and *Mongals*, the *Baluchis* are by and large, a tribal and postural community. Although sparsely populated, *Baluchis* have succeeded in preserving their separate cultural identity. Language has been an important unifying force among them. Like the *Pashtuns*, the *Baluchis* also resisted joining Pakistan. The *Baluch* movement for autonomy took a violent turn during 1958-69 and also after 1973. The *Baluch* leaders demanded autonomy within a federal structure of Pakistan. Their main problem today has been that of preserving a separate *Baluch* identity against the Punjabi domination.

Muhajirs are Urdu speaking people originating from north India who opted to move to Pakistan after partition of India. It is small group of people concentrated mainly in Sindh, particularly as an urban class of Karachi. Because of their identity with India, they have not been totally accepted in Pakistani society even today. On the other hand the Sindhis consider them as their main competitors and hence are opposed to them.

In 1984, the Muhajir Qaumi Movement (MQM) was launched under the leadership of Altaf Hussain. The MQM was an expression of growing ethnic consciousness among the *Muhajirs* which sought address their ethnic grievance.

The *Ahmadiya* may be viewed as a separate ethnic minority in Pakistan in view of their distinct religious faith for which they have been declared non-Muslim by the Government of Pakistan. They constitute nearly 0.12 percent population of Pakistan settled mostly in Punjab.

During the colonial period *Ahmadiyas* occupied high positions in bureaucracy and army. When the *Ahmadiyas* tried to promote idea of their sect, this was strongly opposed by the fundamentalists who had strong resentment against the ideology of *Ahmadiyas*. Violent agitations took place against *Ahmadiyas* during the fifties. They are subject to continuous attacks by religious leaders and persecution by the government. Thus, *Ahmadiyas* are strangers and an isolated community in their own homeland.

Political development in Pakistan has been characterised by the assertion of ethnic minorities in different ways and directions. Hence ethnicity has been major destabilising factor in the domestic politics of Pakistan. The minority ethnic communities have been struggling against the majority Punjabi domination. The problems of ethnic minority groups have been to maintain its identity and to secure socio-economic and political benefits from the state on an equitable basis.

7.4.3 Religion

About 97 percent of Pakistanis are Muslims, 77 percent who are *sunnis* and 20 percent *Shia*, the remaining 3 percent of the population is divided equally among Christians, Hindus and other religions.

Islam was brought to the South Asian sub-continent in the eighth century by wandering *sufi* mystics known as *pir*. As in other areas where it was introduced by Sufis, Islam to some extent syncretized with pre-Islamic influences, resulting in a religion traditionally more flexible than in the Arab world.

The Muslim poet-philosopher Sir Mohammad Iqbal first proposed the idea of a Muslim state in the subcontinent in his address to the Muslim League at Allahabad in 1930. His proposal referred to the four provinces of Punjab, Sindh, Balochistan and North West Frontier, essentially what would constitute the post-1971 boundary of Pakistan. Iqbal's idea gave concrete form to the "Two Nations Theory" of two distinct nations in the subcontinent based on religion (Islam and Hinduism) with different historical background, social customs, cultures and social mores.

Islam was thus the basis for the creation and the unification of a separate state, but it was not expected to serve as a model of government. Mohammad Ali Jinnah made his commitment to secularism in his inaugural address to Pakistan Constituent Assembly. This vision of a Muslim majority state in which religious minorities would share equally in its development was however questioned shortly after independence. The debate continued into the 1990s amid questions of the rights of *Ahmadiyas*, issuance of identity cards denoting religious affiliation, and government intervention in personal practice of Islam.

Check Your Progress Exercise 2

Note : i) Use the space given below for your answers.

ii) Check your answer with the model answer given at the end of the unit.

1) Briefly describe the linguistic profile of Pakistan.

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2) Who are the *Ahmadiyas*?

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7.5 LET US SUM UP

At the time of independence Pakistan inherited a largely agrarian economy with depleted infrastructure and limited human resources. Since then the record of Pakistan's development has been uneven. Economic growth was sluggish in the early years (1947-58), which was followed by vigorous growth during the 1960s. The growth slackened during the seventies, but picked up during the eighties. In the subsequent decade of the nineties the growth again slackened. This decade has been characterised as one of lost opportunity for the country. In the first two years of the new millennium, Pakistan's growth rate was the slowest ever in its recorded history. While the third year has witnessed recovery, its sustainability appears to be uncertain.

It is widely acknowledged that Pakistan's social development indicators have remained abysmally low in relation to the country's economic growth and structural change.

While Islam is practiced in Pakistan by the overwhelming majority of the population in the country, religion has not been an adequate cementing force given the vast differentiation among the ethnic minorities and their feeling of relative deprivation in Pakistan's development.

Following Supreme Court's verdict, the military government held national elections in October, 2002. Given the historical precedents of democratic mal-governance, it is too premature to expect that the recent recovery of Pakistan's economy could be self sustaining.

7.6 KEY WORDS

Gross Domestic Product (GDP): This is the sum total of goods and services produced within a country.

Gross National Product (GNP): This is the sum total of goods and services produced within the country net inflow (outflow) of income from abroad.

Fiscal Deficit: This is the difference between the total government revenue and expenditure. It is generally expressed as percentage of GDP.

Muhajirs: Muhajirs are Urdu speaking people originating from north India who opted to move to Pakistan after partition of India. It is small group of people concentrated mainly in Sindh, particularly as an urban class of Karachi.

7.7 SOME USEFUL BOOKS

S. Akbar Zaidi, (1999) *Issues in Pakistan's Economy*, Oxford University Press, Oxford.

Ishrat Hussain, (1999) *Pakistan: The Economy of an Elitist State*, Oxford University Press, Oxford

Ramakant, et al., (2001) *Contemporary Pakistan: Trends and Issues*. (Vols. I & II), Kalanga Publications, Delhi.

7.8 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) Zulfiqar Ali Bhutto laid the foundations for heavy industry in Pakistan in the 1970s.
- 2) The cessation of East Pakistan, the oil crisis of the early 1970s, fluctuations in international commodity prices and a combination of climatic factors, viral disease and fertiliser shortages adversely affected the agricultural productivity. Nationalisation of industry also contributed to the slow growth as able managers and capital fled the country.
- 3) There was a reversal from public sector-led growth strategy. To encourage private participation, the economy was deregulated and liberalised and fiscal incentives were given to private sector. With the rapid expansion in domestic demand and returns from the industrial investment of Bhutto regime contributed to high industrial growth

Check Your Progress 2

- 1) See section 7.4.1.
- 2) The religious ideas of Ahmadiya differ from the mainstream Islam. Though they had occupied high positions in society during the colonial times, they are now declared as non Muslims and have been subject to attack by religious leaders as well as the government

UNIT 8 MILITARY IN THE POLITICS OF PAKISTAN

Structure

- 8.0 Objectives
- 8.1 Introduction
- 8.2 Genesis of Pakistan
- 8.3 Political Developments in Pakistan 1947-58
- 8.4 Theoretical Explanations for Military Intervention
- 8.5 Pakistan Army: Origin and History
- 8.6 Army's Intervention in Political Process
- 8.7 Let Us Sum Up
- 8.8 Key Words
- 8.9 Some Useful Books
- 8.10 Answers to Check Your Progress Exercises

8.0 OBJECTIVES

Military intervention in politics has been an important feature of the developing world. In South Asia, Pakistan has faced repeated military interventions in the political system. We will examine this phenomenon in this unit. After going through this unit, you will be able to

- Explain the reasons for the failure of democracy in Pakistan
- Describe civil military relations in the country
- Describe social, economic and political factors for the armed forces to take over
- Analyse the role of the armed forces in the political system of Pakistan.

8.1 INTRODUCTION

This unit deals with the most important aspect of domestic political developments in the country-the role of the military in the political system. The issue is specifically important because it reflects on or provides reasons as to why political institutions are in the pathetic state that they are today. The inability of the state to steer initial years through a politically stable path saw the decline of traditional structures like political parties, pressure groups, parliament, judiciary, executive and virtual death of political processes like constitutionalism and political processes. All this in turn led to strengthening of the military as an institution, it being the only alternative organized force to walk into the political vacuum created because of repeated failure of civilian governments.

8.3 POLITICAL DEVELOPMENTS IN PAKISTAN 1947-58

Pakistan was confronted with several serious problems in the immediate years after independence. The dichotomy between the eastern and western wing, with the former

being more populous and the latter wielding more political power posed serious political and constitutional challenges. Second, the communal riots which accompanied partition and the influx of refugees thereafter posed heavy burden to the nascent state with meagre resources. Thirdly, the country faced leadership crisis soon after inception with the death of Qaid-I-Azam in 1948 and the assassination of Liaqat Ali Khan in 1951. The resultant leadership vacuum further weakened the Muslim League whose hold on the area which formed Pakistan was anyway shallow. In the absence of federal government and its institutions, the new nation was engulfed by crises of sorts –legitimacy, participation, distribution, etc. This in turn enhanced the power of the military and the civilian bureaucracy which had implications in the political history of the country later also.

The All India Muslim League (AIML) which formed the government in the new state had no strong roots in the provinces which formed Pakistan. After being successful in creation of Pakistan and three years of its initial progress in the new state, the party failed to march with times in terms of ideology and style of working. Soon the AIML split into groups, each around one personality. Both the main party and the groups formed from it ceased to be instruments of mass mobilization.

Differences surfaced between various institutions. In 1954 a bill was moved in the Constituent Assembly, which required the Governor General to act on advice of Prime Minister. The Governor General pre-empted the bill by dismissing the cabinet, dissolving the Assembly and declaring an emergency on the ground that institutions “could no longer function”. The Governor General’s unconstitutional act was legitimized by the judiciary. In October 1954 Prime Minister Mohammad Ali Bogra formed another Cabinet. Ayub Khan was the Defence Minister in this Cabinet (and also remained commander-in-chief). Between 1953 and 1958 seven prime ministers were nominated and removed through palace intrigues. The political system was made more fragile by the formation of the officially sponsored Republic Party.

The Constituent Assembly took seven years to frame the Constitution. Delay in the framing of the constitution resulted because of debate on several issues, most important being role of Islam in the state. There was no consensus on the role of the religion in the new state. The Objectives Resolution of 1949 and the report of the Basic Committee were also debated hotly. Other debates revolved around the nature of system federal or unitary, presidential or parliamentary, joint or separate electorates. The irony is when the ill-fated Constitution, which envisaged a parliamentary form of government came into being in 1956, it was abrogated two years later. After Ghulam Mohammad’s successor General Iskander Mirza (who had also been secretary, Minister of Defence) realized he would not be able to get himself elected to the post of President under the new Constitution, in October 1958 he dismissed the central and provincial governments and declared Martial Law. Contrary to his expectations of maintaining supremacy over armed forces, he was forced to resign by them and Ayub Khan himself took over the reigns. Ayub Khan remained in power till March 1969 when he handed over power to Gen. Yahya Khan.

The situation at the end of the first phase has been best summed up by Keith Callard who wrote before the military formally took over power, political parties have waxed, waned and suffered eclipse. Political leaders have argued and reduced each other to impotence. Men of religion have laid claim to complete authority and have achieved almost none. In the meanwhile the state has been run largely by civil service, backed by the army, which was carried on much as did before independence.

The Constitution Commission in 1961 identified the following factors for the failure of parliamentary democracy.

- 1) “Lack of proper elections and defects in the late Constitution”.
- 2) “Undue interference by the heads of the state with ministers and political parties and by the Central Government with the functioning of the governments in the Provinces”.

- 3) "Lack of leadership resulting in the lack of well organized and disciplined parties, the general lack of character in their politicians and their undue interference in the administration".

Check Your Progress 1

Note : i) Use the space given below for your answers.

ii) Check your answer with the model answer given at the end of the unit.

- 1) Roots of Democracy were weak in Pakistan right from inception: Comment

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- 2) How do you evaluate the role of Muslim League in the initial years of Pakistan?

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8.4 THEORETICAL EXPLANATIONS FOR MILITARY INTERVENTION

The most interesting aspect of theories on civilian –military relations is that while they may explain one situation or the other in which the model is operational, if not based on, it fails to explain many other nitty gritty. This is not to undermine the importance of theory but to highlight the dynamism of the issue, particularly in countries like Pakistan. One of the first theories on military intervention in Asian societies, for example, by Samuel P. Huntington conceptualizes army as subservient to its master in a civilian-dominated democratic state. In what he calls "Praetorian" states the civilian institutions are weak. A vacuum in the institution and leadership impels groups to strive for control for their own ends, and armed forces count among many potential contenders for power. Praetorian state, according to him, is the one in which there is politicization of social structures because of absence of political institutionalization.

This argument may explain why army in Pakistan intervened in 1958 but it does not explain why did a state which inherited essentially a Western model being ruled over by a political power for almost two centuries turned out to be essentially a military state. The army which Pakistan inherited in 1958 was very different from the army in 1947. It was much more professional and organised than the army of 1947. On the contrary whatever existed in the name of political structure in 1947 saw a decline, and eventually reached a state where military takeover seemed to be the only solution. This proved yet another assertion by Huntington that rise of military professionalism is inversely related to military intervention, that is, the modern professional sense of mission military mindedness and corporate economy incline the military against political intervention.

Then there are scholars like Lucian Pye and Morris Janowitz et al who portray the military as being more sensitive to forces of social and political change. Showing military intervention as a result of positive qualities of military, the military is seen as an instrument of modernization by virtue of its positive qualities as an organized force.

What makes Pakistan, a case apart is the repeated military intervention with interregnum of civilian rules. The legitimacy of civilian supremacy, in theory, remains. This is evident from the fact that all the generals-from Ayub to Musharraf- initially after capturing power promised to return to civilian order as soon as possible. The latest is

from General Musharraf who has launched a massive devolution plan giving impression of setting up a grass root participatory democracy. That this declaration doesn't mean much is evident by the fact that General Zia, who had promised elections in 90 days, did actually hold what can at best be called sham of elections in the name of "Party less elections" only towards the end of his tenure.

Yet another lesser-known aspect of Pakistan's civil-military relations is their nature in the civilian regimes. In other words, what has been highlighted, is repeated military interventions at the end of chaotic civilian orders. The fact that whenever the civilian rulers came to power they have taken measures to keep the army in check has not been talked about much. Part of the explanation lies in the fact that the supremacy of the Prime Minister in a normal civilian order is an accepted fact. The counterpoint here is that the army in Pakistan needs to be looked at differently because apart from being the guards in the external security of the nation, the army in Pakistan is now a well-accepted political institution.

8.5 PAKISTAN ARMY: ORIGIN AND HISTORY

To begin with the Pakistani army, like any other army in the civilian regimes was a guardian of external security. While Stephen Cohen and Hasan Askari Rizvi have said that in the British Indian Army there were no all-Muslim units (as there were pure Hindu and Sikh units) a legacy of the British distrust of the Muslim loyalty dating back to the Mutiny of 1857, Cloughley has said that the "Indian Indian" regiments—such as Jat, Rajput, Sikh, and Dogra Regiments, went to India: and Baluch and Frontier force Regiments were allocated to Pakistan and the five regiments wearing Punjab badge were divided between the countries. The division was in the ratio of 64:36, which roughly matched the communal balance.

The new Pakistani army was almost entirely Muslim, dominated by the Punjabis and Pathans. In 1955, East Pakistani representation in officer cadre was a mere 1.57 per cent. By 1963, the proportion of Bengalis in the army had increased to five per cent for the officers. Although in recent years Pakistan has maintained four major infantry regiments, the Punjab, Baluch Frontier force and Sindh regiments, all ethnic groups do not find representation in proportion to their share in the national population. Some units in Baluch regiments do not have any Balochis and very few Pathans and Sindhis.

The increasing use of the armed forces for civilian administrative tasks has been a significant feature in the new state of Pakistan. As early as 1948 the army was pressed into service to meet the threat posed by the Indus to Sukkur Barrage, breaching the dykes in Shikarpur and Rohri in Sindh and cutting the railroad to Quetta. In 1949, troops were called in again to save Jehangir tomb from Ravi waters. In September the following year, army was once again called to save the walled city of Lahore. In 1952, the army was involved in anti-jute smuggling operation. The following year it was involved in controlling anti-Ahmadiya agitation.

Thus, by the mid-50, military had become an important factor in the decision making process of Pakistan, but it did not assume a direct political role. The only instance was its interest in the Rawalpindi Conspiracy Case when the 11 army officers and three civilian officers had conspired to arrest the top military officers and seize power to establish communist-type dictatorship in the mid-1956, the Army launched the Operation Service First in East Pakistan to deal with the serious food crisis in the province, created largely by political mismanagement. In December 1957, the armed forces launched the third non-military operation called Operation Closed Door, an anti-smuggling drive.

During the Ayub regime (1958-69) retired military officers emerged as a class occupying the top posts of public and private enterprises. The new constitution institutionalized army's role in the country's power structure. Article 17 of the constitution declared the President to be the supreme commander of armed forces

with the powers to appoint chief commanders of the army. It is significant to note that the constitution declared under Article 238 that the Ministry of Defence would have to be headed by person who had held a rank not lower than the lieutenant general and equivalent in the first 20 years after the constitution comes into force.

Ayub Khan attempted to give his structure a quasi-democratic structure. With the executive branch fully under the control of the president, the president was chosen by an electoral college of 80,000 Basic Democrats or union councillors. Each of them represented 1,000 or so adult voter who had elected him. Twenty Basic Democrats would form a Union Council in the country areas or a ward council in the town. Since the provincial and national assemblies were given limited jurisdiction over money bills, their powers were severely restricted. In terms of its relationship with the civilians, Ayub was heavily dependent on civilian. In 1958, his deputy Chief Martial administrator was a civilian – Aziz Ahmad. He was also the Chief Secretary to the government, with day-to-day control of the entire machinery of the government. An advisory council-consisting of newly appointed civilian chief secretary to the government and civilian secretaries of the eight ministries of the central government was appointed and army was asked to withdraw from the streets.

Even after 1962 when Ayub's rule had stabilised, the senior civil servants continued to rule the roost. His senior advisers were civilians. The civil servants monopolized all policy-making jobs, and gradually took over all the corporations and autonomous jobs.

While Ayub Khan's reforms failed to take off, demand for parliamentary form rose in 1966 but the real problem was the 1965 war with India which created disillusionment with his regime. By 1969 Ayub had lost support of his military commanders. When it was no longer possible to hold on to power, he handed it over to Commander in Chief of the army, Gen. Yahya Khan believing that the military was the only "legal and effective instrument to take over" the country.

Army was discredited after the defeat and surrender in the 1971 India-Pakistan war and by the separation of Bangladesh. Zulfikar Ali Bhutto took over reigns of the country, based on the mandate of the 1970 elections. The Civil Service of Pakistan was abolished and a single integrated structure was set up. By permitting lateral entry from other professions bureaucratic power was further eroded. Expansion of public sector saw a nexus between Bhutto's Pakistan Peoples Party (PPP) and civil servants while 1,300 officials were dismissed.

Bhutto began by establishing the civilian supremacy. He appointed a commission of enquiry headed by the then Chief Justice of Pakistan-the Hamoodur Rahman Commission-to look into the circumstances that led to the military debacle in East Pakistan and surrender in West Pakistan. The service chiefs were replaced; a large number of civilian officers were removed. The service chiefs designation was changed from Commander in-Chief to Chief. The President became the sole commander-in-chief. A permanent chairman, joint chief of staff was established with the Prime Minister in control. This was supposed to reduce the authority of the army chiefs the vice-chiefs were also under his command. The tenure of the service chiefs was fixed for four years and in 1975 it was reduced to three years. For the first time the functions of the military were defined in the 1973 Constitution of Pakistan: Article 245 stated that the military was required to "defend the country against external aggression or threat of war and, subject to law, act in aid of civil power when called upon to do so". The constitution also incorporated a high treason clause.

Army was however called in several times to aid the civilian administration between 1972 and 1977- in Sindh to deal with Language riots of 1972, in Baluchistan to fight insurgency in 1973, anti Ahmadiya riots in June 1974 in Dir in Frontier Province in October 1976. The Defence budget saw a rise of 89 percent during 1971-71 and 1975-76. More resources to military were allocated than any previous government. Thus, despite the creation of the Federal Security Force (FSF), a paramilitary force, in 1973, the army was called to deal with civil unrest. A defence production division in

Ministry of Defence was set up to encourage indigenous production. Discontent in the army which was reflected a conspiracy to overthrow the government hatched by army and air force officers.

Mass campaign by the opposition coalition-Pakistan National Alliance-with no other common agenda other than "to throw Bhutto out" in the aftermath of electoral rigging by him in 1977 made the situation uncontrollable. The unrest led to yet another military takeover in 1977- this time under General Zia ul-Huq.

Under Zia a "truly military regime" came in being. Military officers were appointed not only as officers in key ministries like defence, information, interior, communications, housing and labour, a number of them were also appointed as joint secretaries. He formed a military council of Chairman of the Joint Chiefs of Staff Committee and the three service chiefs of staff. The Chief Martial Law Administrator was to be the Chief Executive of the Nation and the Martial Law orders were not to be challenged. By a proclamation he suspended the Constitution, dissolved the federal and provincial assemblies, sacked the prime minister and all the ministers, dismissed provincial governors and brought the entire country under Martial Law. Initially, corps commanders were appointed as governors in the provinces. Although Lt. Gen. Muhammad Sawar Khan was appointed vice chief of Army and had "all facilities as authorized to the Chief of Army Staff for so long as the COAS holds the office of the president". He was head of Army but he could not take independent action on issues like senior promotions and appointments. Zia had three hats: COAS, CMLA, and President.

The country was divided into five military zones under the command of five serving men. In 1981, seven ministers were retired army officers. Even when the civilian bureaucracy was co-opted into the Federal Cabinet that year, it was a junior partner. The involvement of the Army in civilian duties weakened it. A constant complaint was that many good officers who should have been gaining command experience were forced to have their postings cut short or disrupted by carrying out administration on Martial law in addition to normal military duties.

Apart from moving against Bhutto and then physically removing him, Zia attempted to tame the opposition by promising election. The opposition was then gradually weeded out in the name of accountability. With Bhutto's arrest and crackdown of PPP there was very little reason for the opposition PNA to stick together. Zia's partyless elections turned out to be pointless when a number of government supporters failed to win elections. The elections anyway were boycotted by the Movement for Restoration of Democracy, an alliance of opposition that was formed in the early 1980s.

Zia also made use of religion as an instrument of legitimacy. Arguing that Islam and Pakistan were two sides of the same coin, he introduced a series of reforms in conformity with Islamic tenets and values. One of the first changes Zia made was upgrading maulvis attached to each unit and made it compulsory for them to go into battle with the troops. Thus when the military apparatus regained power in 1977, it was the religiously inclined Generals who were dominant in it. In March 1985 he even sought referendum on his Islamisation moves which was taken as an approval for continuing as President. The public voted "yes". The other factors which helped Zia gain legitimacy was the Soviet intervention in Afghanistan in 1979, although Gen. Fazle Haq, then governor of NWFP had claimed that even before the Soviet intervention, the Central Intelligence Agency was supporting rebels in Afghanistan.

In May 1988, Zia dismissed Junejo government for incompetence and "lack of attention to the Islamic faith". The real reason, however, was the Junejo intended to reduce the Army and Zia's directing role in military affairs. Zia formed a new government with himself at its head. In June he announced that Islamic law would henceforth be supreme source of law in Pakistan and any existing law not in accordance with it can be declared null and void. General Zia's untimely death in an air crash saw the restoration of civilian rule till 1999 in which four governments (two of Benazir Bhutto

and two of Nawaz Sharif alternating) were formed till military once again took over under Gen. Musharraf.

One of the legacies of the Zia regime was the emergence of the new political setup in the country. The power equation which thus emerged between the President, the Prime Minister and the army chief- the troika-dictated the civil-military relations in years to come.

Ghulam Ishaq Khan became the acting president following Gen. Zia ul Haq's death. He had a difficult job of balancing the civil-military relations. Burki says to keep the army at bay he had to "demonstrate to senior officers that a return to formal democracy, a necessary outcome of the elections scheduled for November 1988, need not sacrifice the armed forces principal interests" These interests included the continued flow of large amount of budgetary resources to the military, support for the nuclear weapons development programme, Pakistan's continued involvement in the Mujahideen struggle against the Najibullah government and maintenance of hard position against India.

In the 1988 elections Benazir Bhutto did less than expected; the PPP got only 92 of the 204 seats. Acting President Ghulam Ishaq Khan took some time before calling her to form the government and that too after she accepted some of the conditions which included non-interference with the military affairs, the continuance of the economic reform programme of the caretaker government had agreed with the IMF and the World Bank and continuation of the foreign policy of Gen. Zia.

Benazir's term was too small to get into any serious kind of rift. According to Cloughley, she wanted to have an army chief of her choice. She wanted to change the Joint Chief of Army Staff Admiral Iftikhar Sirohi on the pretext that his term of three years would be over in August 1989. However, she had to back out after the President intervened. The "Sirohi affair" as it came to be known was debated intensely raising the issue of distribution of powers between the prime minister and the president. The affair did not lead to the resolution of the issue but only served to heighten the suspicion among the armed forces that the prime minister was not prepared to abide by the understanding reached at the time of her appointment.

Similarly, Ms Bhutto's attempts to extend the term of Lt. Gen Alam Jan Mashud, Commander IV Corps, after his retirement, as the deputy chief of army, could not succeed. She, however, succeeded in removing the Director General of Inter Services Intelligence Lt. Gen. Hamid Gul, after the Jalalabad fiasco, replacing him with Lt General Rehman Kallue. But Benzair could do so after conceding to Gen Beg's pressure and appointing Hamid Gul as head of the Armoured Strike Corps at Multan. Benazir thought that a change in the command would be popular in Washington because the Agency's Afghan policy had been criticized in the United States. Besides, she wanted to dilute the power of an agency that had in the past eleven year rule of Gen. Zia had become well entrenched in the domestic political intelligence. Only then could the armed forces be kept out of politics. The army and the President accepted the change, albeit, reluctantly.

The move by the opposition to bring the government down by a no-confidence motion failed but uncertainties continued to dog political developments. Despite the repeated rumours of army takeover, by and large, Gen. Beg was supportive of democracy. He did not step into shoes of General Zia. But when the President decided that she had to go, a move facilitated by the infamous Eighth amendment, he threw his hat with the latter.

In the elections that followed, in October 1990, under the interim Prime Minister Ghulam Mustafa Jatoi, Nawaz Sharif and his coalition emerged victorious. However, it did not bring the expected stability. Benzair's successor was no less ambitious than her. Two deaths- that of Muhammad Khan Junejo, the president of PML, and Asif Nawaz Januja, the then army chief- in 1993 gave him the opportunity he wanted. Januja was replaced, by what Cohen says "least visible of the serving Corps commanders."

According to him, the selection of Gen. Abdul Waheed Kakkar created a conflict between Ghulam Ishaq Khan and Nawaz Sharif. He believed that the military would not resist the move, since the new army chief Abdul Waheed Kakkar was known to be apolitical. Nawaz Sharif's moves to strike out on his own were, however, met with reaction from the President and he was dismissed in 1993 like his predecessor.

Sharif, like Benazir and Mohammad Khan Junejo, then moved the court and unlike previous governments his was reinstated. The President however proved to be uncooperative. A constitutional crisis ensued which was resolved by the army acting behind the scenes. It forced both the Prime Minister and the President out of office. "For me it was an extraordinary spectacle to see two grown up men behave as if they were children" said Kakkar later. "I had to intervene. I ordered both of them out of office". In July 1993, Moeen Qureshi was called back as a caretaker prime minister, heading the fourth caretaker government in five years. The elections of October 1993, the fourth to be held in eight years, produced a result not too dissimilar from that of October 1988. Neither PML nor PPP won absolute majority. Benazir Bhutto was sworn in as prime minister- second time in five years. It brought a new line-up Benazir, Farooq Leghari and Abdul Waheed.

Contrary to expectations, (Leghari was an old PPP hand) the next period was marked by bilateral conflict between the two. Leghari demonstrated his independence immediately by appointing Lt. Gen. Jehangir Karamat as the army chief without consulting Benazir. The army was irritated at the political budget and the weapon purchases (where allegations of kick-backs were made) but by and large army played a minor role. It is not clear what role the Army played in December 1997 when President Leghari resigned. Benazir got into controversies in the appointment of judges, murder of her brother and not the least, corruption charges, the last two mainly because of her husband Asif Zardari. The result was yet another dismissal, setting up of another caretaker government and the elections in which Nawaz Sharif emerged victorious like never before. He got 66 per cent seats in National Assembly and 58 per cent of the 450 seats in the provincial assemblies.

Sharif's attempts to concentrate power in his hands saw the removal of 58.2 (b) clause of the constitution which was invoked rather frequently to dismiss the civilian governments by the President. Another amendment took away the rights of the members of the assemblies to cross-floors. His moves to tame the judiciary were resisted by the then Chief Justice Sajjad Ali Shah. He wanted to curtail the power of judiciary by wanting to retain the control over appointments. The chief justice hit back as a contempt of court issue. The President tried to intervene by telling the prime minister to work within the system and refused to remove the chief justice. The Prime Minister retorted by threatening to impeach the President. The crisis was resolved only by the resignation of President Leghari and removal of the chief justice. The new president Rafiq Tarar was a friend of Nawaz Sharif and was ready to tread with caution. Thus says Burki "within one year of assuming office, Nawaz Sharif had assumed as much power as Mohammad Ali Jinnah and Mohammad Ayub Khan in their times. Instead of being dispersed among three official's, power had become concentrated in one office that of the prime minister". It was in this background that the then army chief Gen Karamat had talked about translating political mandate into institutional strength and talked of setting up structurally tiered National Security Council that apex that would institutionalize decision making. General Karamat resigned after that and Gen Pervez Musharraf took over.

A second change in the army chief in one year's time that too surreptitiously while the incumbent army chief was away in Colombo- proved to be the triggering event and Army executed what was reported as an old plan. Like Gen. Zia, and unlike Ayub and Yahya, General Musharraf has not abrogated the constitution; it has been held in abeyance, treating it as "cutting the limb to save the body". Martial law has not been imposed. He also declared that the armed forces had no intention to "stay in charge

any longer than is absolutely necessary to pave the way for true democracy to flourish in Pakistan. Among the various objectives stated by him in his famous seven-point plan are depoliticizing state institutions, devolution of power to grassroots levels and ensuring accountability, apart from removing inter provincial disharmony, restoring law and order and reviving economy.

The Devolution Plan of the Chief Executive, Gen. Pervez Musharraf, is reminiscent of the Basic Democracy Plan of Gen. Ayub. Under the plan, local government elections have been held. Powers have been delegated to the elected representatives at the district, Tehsil and union council levels to enable the local population to execute development projects.

The weeding out of corruption is being claimed achieved through setting up a National Accountability Board (NAB). The high profile corruption cases have been transferred to the Attock Fort office, which is described as the police station of the Board.

As the country goes to its next elections, the military government has suggested several amendments to the constitution that will empower the president to sack the elected prime minister, his cabinet and the parliament which are to be chosen in elections later this year. The president will also have the authority to name a person of his own choice as prime minister. The government plans to shorten the term of the parliament from five to four years and lower the voting age to 18 years.

A National Security Council (NSC), dominated by the representatives of the armed forces, will have overriding powers over the elected parliament. The NSC consists of President as the Chairman with the Prime Minister, the chief ministers of the four provinces, the Chairman, Joint Chief of Staff Committee, the chiefs of staff of the Pakistan army, air force, and the navy and the leader of the opposition as its members. While it is designated as a consultative forum its mandate is extensive and covers a large canvass including matters relating to: strategic matters pertaining to the sovereignty, integrity and security of the state; structures, systems and state of federal democracy and governance; and removal of federal or provincial cabinets, dissolution of National Assembly or Provincial Assemblies and proclamation of emergency.

President Musharraf, has already declared himself president for another five-year term through a controversial rigged referendum. He will continue to hold the office of chief of army staff as well. The establishment of a National Security Council also raises serious concern over the continuing domination of the military in the new political setup that will emerge after the October elections.

Check Your Progress 2

Note : i) Use the space given below for your answers.

ii) Check your answer with the model answer given at the end of the unit.

- 1) What are the factors which encourage the military to take over power? Discuss different views.

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- 2) What were the features of the army inherited by Pakistan?

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- 3) Compare and contrast Military systems under Gen. Ayub Khan and General Zia-ul Haq.

- 4) Discuss the role of military in the civilian interlude of 1989-99.

8.7 LET US SUM UP

Pakistan was carved out of the Indian subcontinent in 1947. The state had come into existence on the basis of Two-nation theory and a large credit goes to Muhammad Ali Jinnah, the father of the nation known popularly as the Qaid-I- Azam. Post partition, the army was divided between the successor states-India and Pakistan. The country failed to evolve into a democratic polity for a variety of reasons. The political institutions from constitution to parliament did not mature and the existing ones saw a decline. The only other organized institution to walk into the political vacuum was the army. The story did not end here in fact nowhere because since then the story of Pakistan's political history is essentially a replica of musical chairs, when army and the civilian orders alternate, each in turn perpetuating the political instability. It would however not be wrong to say that it is the army that wields the power even if sham democracies are erected in between.

8.8 KEY WORDS

Two-Nation Theory : Religion is the basis of nation hood. Muslims and Hindus were two nations. This was the basis for the Muslim League to seek partition.

Political Vacuum : Situation in which a political system collapses, and no single authority exists which can take over power.

Praetorianism : Military rule.

Civil-military relations : The relationship between the civilian institutions and the army particularly explaining the power equation between the two.

Islamisation : Implementing Islamic principles in social, economic and political life of a country.

8.9 SOME USEFUL BOOKS

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Ziring, Lawrence. (1999) *Pakistan in the Twentieth Century: A Political History*. Oxford University Press. Karachi.

8.10 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) Your answers should cover the following points i) problems arising out of partition, ii) Decline of leadership, delay of Constitution, and iii) Role of religion.
- 2) Your answer should cover the following points: i) Status of Muslim League, ii) Demand for Pakistan, and iii) Nature of organization and decline

Check Your Progress 2

- 1) Your answer should cover the following points: i) Praetorianism in Developing Societies, ii) Views of Huntington, Lucien Pye, et al, and iii) Their relevance for Pakistan
- 2) Your answer should cover the following points: i) Lack/dearth of all Muslim regiments in British India, ii) Ethnic composition Punjabi dominated, and iii) Well trained, organized, role in civilian functions also.
- 3) Your answer should cover the following points: i) Ayub's dependence on Basic Democrats, and civilians, ii) Zia's dependence on Islamisation, Constitution, ISI, and iii) Contrasting role of external factors
- 4) Your answer should cover the following points: i) Benazir's rise and Army's control, frictions, ii) Nawaz Sharif's rise and relation with the Army, and iii) Delicate balancing by the two in second phases, failures.

UNIT 9 POLITICAL STRUCTURES AND PROCESSES IN BANGLADESH

Structure

- 9.0 Objectives
- 9.1 Introduction
- 9.2 Constitution of 1972
- 9.3 Primacy of Constitution and Civilian Rule
- 9.4 Praetorian Intervention
- 9.5 "Civilianisation" of Military Rule
- 9.6 Recurrence of Praetorianism and Democratic Challenges
- 9.7 Democracy Reinstalled
- 9.8 Bureaucracy
- 9.9 Army
- 9.10 Let Us Sum Up
- 9.11 Some Useful Books
- 9.12 Answers to Check Your Progress Exercises

9.0 OBJECTIVES

This unit examines the political developments in Bangladesh with focus on the formal and informal political structures or institutions. After going through this unit you should be able to:

- Identify the main features of Bangladesh polity;
- Trace the political history of the country;
- Identify the changes in the polity that occurred during the military rule;
- Locate the role of army and bureaucracy in the political system of Bangladesh; and
- Explain how democracy was restored in Bangladesh.

9.1 INTRODUCTION

Bangladesh, the youngest nation in South Asia, emerged as an independent nation through the process of national liberation movement. The national movement began in 1948 to protest against West Pakistan's efforts to impose Urdu as the sole official language. Gradually, this movement took the shape of a nation wide struggle against the economic exploitation of rulers of Pakistan. The Awami League which spearheaded the national movement adopted a Six-point programme in 1966 demanding autonomy for Bangladesh. When the verdict of the 1970 elections was not honoured by Pakistan, the Awami League was left with no alternative but to push forward the liberation struggle for the attainment of complete independence which it achieved in 1971.

The Constitution of the Peoples Republic of Bangladesh envisaged a parliamentary form of government and the principles of democracy, socialism, secularism and

nationalism were to be the foundations of the state. These principles reflected longstanding popular demands and therefore had strong political legitimacy. As we examine the political developments in Bangladesh, we shall see that these principles have been disregarded by successive undemocratic regimes and yet how this tendency has been curbed by popular movements. You will realize that politics in Bangladesh has, most of the time, revolved around power struggle between democratic and undemocratic forces. Politics, here, has essentially been the politics of democratization and not the normal competitive politics of stable democracies.

9.2 CONSTITUTION OF 1972

The Constitution adopted by Bangladesh on 4th November 1972, contained 153 Articles divided into 11 parts and four Schedules, came into force on 16th December 1972. It embodied the democratic yearnings of the long struggle for independence and guaranteed human rights and political freedoms within a system of checks and balances similar to those existing in India.

The President elected by the Jatiyo Sangsad (Parliament) for a five year term and removable through impeachment, is a nominal head. It was the Prime Minister who exercised the executive power of the Republic. The President was required to act in accordance with the advice of the Prime Minister.

A major theme of the Constitution was the supremacy of the Parliament-the single chamber Jatiyo Sangsad-comprising 330 members, of whom 300 were elected by universal adult franchise and the rest 30 exclusively from among women by those 300 elected members.

The judicial power was vested in the Supreme Court whose independence was ensured by providing the judges a fixed tenure and prescribing a rigorous procedure for impeachment.

Since the adoption of this constitution, Bangladesh, as we shall see, has witnessed abrupt political changes, as the first populist regime soon became an authoritarian regime which was soon replaced by military-authoritarian regimes and multiparty democracy. These changes have caused the suspension of the constitution and led to amendments in almost every section of the constitution. Significantly, the authoritarian and military regimes that came into being in the first two decades of the new nation, have couched major administrative changes in terms of the Constitution and have attempted to legitimize changes by legally amending this basic document.

9.3 PRIMACY OF CONSTITUTION AND CIVILIAN RULE

The Awami League (AL) ever since it came to power in 1971 took the lead in the framing of a democratic constitution but failed to strengthen democratic institutions. In the first National Assembly election in 1973, the party won 307 out of 315 seats. The new government, led by Mujib ur Rahman, the leader of the national liberation movement was soon overwhelmed by the enormity of the problem of reconstruction and rehabilitation following the immensely destructive conflict for independence. Very few in the new government had any experience in governing. Mujib had briefly served as a minister, but he was not able to adapt to the new situation. He did not tap the services of many senior members of the civil service on the ground that they had not quit their posts to join the liberation struggle. Many persons qualified only by political persuasion were appointed to key positions. This led to inefficiency and corruption. The economy failed to return to the pre-independence levels. Factional struggle which erupted within the AL began to paralyze not only the party but it filtered down to the administration and the armed forces. The role of opposition parties, which were weak

and fragmented, was fulfilled by the press and the public in the streets. There were frequent strikes, hartals and other demonstrations which deteriorated into law and order problems.

In response to this situation, Mujib declared a state of emergency in December 1974 and suspended all the rights and freedoms of the people. Serious restrictions were placed on the political activities. A month later, Mujib introduced the Fourth Amendment to the Constitution and became the President of the Republic. This Amendment changed the form of government from the multiparty parliamentary system to one party presidential system. It conferred all the executive powers and the legislative powers on the President. This amendment also gave the President the right to introduce one party system in the country. Soon after this, Mujib declared the formation of single National Party called the BAKSAL (Bangladesh Krishak Sramik AL). It was to be a cadre based party but its membership was open to bureaucrats, technocrats, military, para-military and police personnel of the state. The constitution of BAKSAL provided for the affiliation of the mass organization to the party i.e., the workers, peasants, youth, students, women's national leagues which were to follow the programmes of the party.

During the short period of its existence, the BAKSAL could not become a party capable of functioning. The leadership and its other constituents and its membership were amorphous and disparate. Instead of giving stability and efficiency to the governance it only promoted maladministration and corruption. Various classes of the people including the landlords, bureaucrats, the middle classes saw in the new system as a threat to their interests. This provided the ground for the successful launching of the coup of 1975.

Check Your Progress 1

Note: i) Use the space given below for your answers.

ii) Check your answer with the model answer given at the end of the unit.

- 1) Identify the basic principles of state policy laid down in the constitution adopted in 1972? Did it have legitimacy?

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- 2) Identify the salient features of the fourth amendment.

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9.4 PRAETORIAN INTERVENTION

One of the legacies of the Pakistani history and the liberation war was the politicisation of the armed forces. The armed forces seized the opportunity provided by the weakening charisma of Mujib, factionalism in the ruling political party and weakness of the opposition parties to stage a coup. In August 1975, Mujib was assassinated in a plot led by a group of officers in the Bangladesh army. These officers handed over the presidency to Khondkar Mushtaq Ahmed, the next senior person in the cabinet, Mushtaq, a known conservative, gave prominence to conservative and rightwing elements who had opposed the ideology of the Mujib of secularism, democracy and socialism.

The politicisation and factionalism within the armed forces surfaced in November 1975. In a series of coups and attempted coups, by soldiers loyal to different parties

and individuals, Mushtaq was dislodged. Chief Justice Sayem became the President and the chief martial law administrator. The key person in the martial administration was Major General Ziaur Rahman.

General Ziaur Rahman, popularly known as 'Zia' was a hero of the liberation war. He quickly emerged as the leading member of the ruling group. In November 1976, he replaced Justice Sayem as the martial law administrator and later took over the Presidency as well. Zia held a referendum to acquire legitimacy. During this referendum, Zia proposed a nineteen point programme to revitalise Bangladesh both economically and socially. This programme, among other things, laid greater emphasis on Bangladeshi nationalism rather than Bengali nationalism. It also included an affirmation of Islam as the basis of national life.

The military regime attempted to undo some the policies of the Mujib regime. Political forces which had opposed Bangladesh liberation and had supported Pakistan army action were released. Retired military personnel and controversial civil bureaucrats trained in the Pakistani Civil Services who had been marginalized in the wake of liberation were given important positions in the administration. All elements who could pose a threat to Zia were eased out of the armed forces. The military regime also changed the economic policies, for example, payment of compensation for the government acquisition of property was made mandatory. Subsequently, steps were taken for denationalization, liberalised investment including foreign private capital, etc.

In the latter part of 1977, there were several attempts at military coups. Gen. Zia, therefore, felt the need for popular legitimacy in a highly political society like that of Bangladesh. In preparation for his campaign for the elected presidency, Zia formed a party of his own, the Jagodal, which adopted the nineteen point programme as its own. In the Presidential elections of June 1978, Zia was supported by the Jatiyatawadi Front (JF), an alliance of a faction of the Muslim League, leftist faction of Abdul Hameed Khan Bhashani's National Awami Party, the United Peoples Party, and the Federation of Scheduled Castes. He was opposed by Gen. M. A. G. Osmani whose name was proposed by another hastily formed electoral alliance, the Ganatantrik Oikyo Jote (GOJ) comprising the AL, the National Party (Muzaffar), and National Party of the People of Bangladesh and some other left and democratic parties. In the election campaign, the JF supported the presidential form of government as run by Zia and concentrated its campaign against the misrule of the AL-BAKSAL. The GOJ, on the other hand, focused on the issue of revival of parliamentary democracy. Zia ur Rahman won the election with 76 percent of votes. It must be kept in mind that the General had not withdrawn the martial law which was still in force.

9.5 "CIVILIANISATION" OF MILITARY RULE

Most military rulers know that it would not be possible to continue the military rule for ever, and therefore they attempt to give military authoritarian rule a civilian façade of democracy. General Ayub in Pakistan had promulgated a constitution, and then held an indirect election to a so-called National Assembly; Gen Zia ul Haq also went through the same exercise. In September 1978, Gen. Zia launched his own political party, the Bangladesh Nationalist Party (BNP). It comprised of those elements which were part of the Jagodal and some of the splinter groups of other parties. In the meantime, the Awami League which had been in the throes of political crisis, suffered several splits. In November 1978, Zia announced the holding of the parliamentary election in January 1979 and the repeal of martial law after the election. The opposition parties, however, demanded the immediate lifting of the martial law. Zia was forced to ease up the hardships of the martial law. Bowing to the opposition demands, he also announced some amendments to the constitution which included the expansion of the powers of the Sangsad, that is, the Parliament.

There was no widespread public interest in the elections. The main campaign issues appeared to be the continuation or otherwise of the Zia regime. In this, the BNP

emphasised more on the negative aspects of the AL and warned the people of the consequences if the AL-BAKSAL combine were to return to power. The AL and other opposition parties highlighted the military character of Zia's regime and campaigned for return of parliamentary democracy. The BNP emphasized its right of the centre image as against the left of the centre image of the AL and parties close to it. Obviously, the target of BNP's campaign was the surplus farmer, emergent bourgeoisie and the urban white collar segment of the population who had been worried about the future in the AL-BAKSAL set up.

The election, second since independence, was won by the BNP with an impressive majority of 207 seats out of 300 seats. The AL won only 39 seats, though it won about 25.4 percent of the popular votes. BNP's success marked the strengthening of a political regime headed by a military ruler. Zia indemnified the laws and actions of the rulers, elected or unelected, since the military coup of August 1975 through the Fifth Amendment of the Constitution. Following this, he lifted the martial law and completed the 'civilinisation' of the Bangladesh polity.

Zia's BNP had won the election and through it had acquired the legitimacy, but the party was not ideologically united. It comprised of people of diverse ideologies and political orientation. Zia completely dominated the party. He tried to contain both the civilian political opponents and those inside the military establishment by tactful moves. His career was, however, terminated suddenly in May 1981, when he was assassinated in a military coup.

Ziaur Rahman had taken some positive measures to resolve the problems in the field of agriculture. Considerable economic progress was made during his regime, partly because of good weather conditions and partly because of the inflow of extensive foreign assistance. He restored democratic processes to some extent, yet the fragility and weakness of the democratic façade that he had set up were evident soon after he was removed from the scene.

Check Your Progress 2

Note: i) Use the space given below for your answers.

ii) Check your answer with the model answer given at the end of the unit.

1) What factors contributed to the military intervention in the politics of Bangladesh?

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2) How did Ziaur Rahman consolidate his position till the referendum was held?

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9.6 RECURRENCE OF PRAETORIANISM AND DEMOCRATIC CHALLENGES

Following Zia's death, Vice President Abdul Sattar became the acting president. As required by the constitution, elections for the office of the president were conducted within 180 days. Abdul Sattar won the election with the support of the Muslim League, the Jama'at-i-Islami and some other groups. The government formed by Sattar, for the first time, comprised of people none of whom had participated in the independence movement. Initially, Sattar received the support of the army, the state machinery and

the press. But soon, the elderly man came to be seen as an ineffective leader, surrounded by corrupt and incompetent ministers. Moreover, the armed forces began to demand a constitutional role for the military in the governance of the country. Gen. H.M. Ershad, the chief of staff of the Bangladesh army, demanded the setting up of National Security Council, which would give a place to the army in the national decision making. President Sattar refused to comply. Sensing the vulnerability of the government due to the infighting within the BNP and irreconcilable differences between various political parties, in March 1982, Gen. Ershad staged a coup and dismissed President Sattar and his government.

With Gen H M Ershad taking over power, Bangladesh returned to the political point it had left with the gradual liberalisation by Gen. Zia. The constitution was suspended, martial law was declared, Parliament was dissolved and parties were banned. Gen. Ershad took over all the executive and legislative powers. The new government called the Consultative Council comprised of the serving and retired officers of the armed forces, non-party senior bureaucrats.

In the beginning, Gen. Ershad showed some moderation in dealing with the problems facing the country but later he started a vigorous campaign against corruption. Many former ministers were arrested and sentenced to long terms of imprisonment. However, most of them were released after serving only part of the sentences. It was alleged at the time that those were only populist measures designed to gain publicity. It was well known that many military officers were deeply involved in corruption.

At this time, anti-military regime mood of large sections of students, professionals and intellectuals began to take deeper roots and effective articulation. Political parties, which were hitherto divided, gradually began to unite and form groups to mobilise people against the military government. With this, a pattern of confrontation politics emerged which dominated the public life of the country until early 1990. Paradoxically, the governments Islamic polices- plans to introduce English and Arabic as compulsory subjects in schools- provided a common cause for the first large scale anti-Ershad demonstrations, particularly by the university students. The student movement stirred the opposition into more unified coalition

The main opposition against the government was led by a alliance of 15 parties (Communist Party of Bangladesh, the National Awami Party, the Jatiya Samajtantrik Dal, the Workers' Party, the Samayawadi Dal, etc) led by Hasina Wajed, the daughter of late Sheikh Mujib ur Rahman. Another alliance of parties was led by Khaleda Zia, the widow of the late President Zia ur Rahman, of the BNP and some right wing and conservative parties. These two major alliances distrusted each other intensely, but they formed the core of the 32 party front, comprising socialists, communists and Islamic groups, called the Movement for Restoration of Democracy. This movement adopted a five point programme demanding an end to martial law, restoration of fundamental rights, parliamentary elections, release of political prisoners and the trial of persons responsible for police brutality against students in February 1983.

Political events in the next few years revolved around attempts by the Ershad government to move from a military dictatorship to a civilian government with the cooperation of the political opposition. In December 1983, Ershad assumed the office of the president. Next, he went on to hold election for the local bodies to strengthen the hold of the regime at the grass root level. The government also attempted to suppress the opposition movement by arresting its leaders and activists. New parliamentary elections were announced for 6th April 1985. The military regime made some concession in view of the coming poll like release of the political prisoners, dissolution of military courts, etc, but the main political demand of the withdrawal of the martial law was not accepted. Eventually, both the opposition fronts decided to boycott the poll. Ershad responded by imposing the martial law with its full rigor on 1st March 1985. Hasina Wajed and Khaleda Zia were both arrested.

In 1985, Ershad went ahead with a 'civilisation' programme without the participation of the opposition parties. A referendum was organized to elicit support for the government. With the opposition not participating in the referendum, Ershad secured 94 percent of the votes polled. In May, Ershad conducted elections to the local bodies, Upzila, in which 40 percent votes were cast. The election was marked by unprecedented violence in which Ershad's Jatiyo Party won 151 seats.

In March 1986, when Ershad eased some martial law restrictions, the AL and seven other minor parties agreed to participate in the parliamentary elections. The BNP boycotted the May 1986 elections. The elections which were marred by extensive fraud, gave the Ershad sponsored Jatiyo Party an absolute majority of 153 seats in parliament. With all the thirty seats reserved for women going to the supporters of the Jatiyo party, Ershad's supporters secured a comfortable majority. With parliament under his control, Ershad proceeded with plans for a presidential election. He resigned as the army chief of staff in August 1986, though he continued to remain the commander in chief of the armed forces. In September, he officially joined the Jatiyo party and became its chairman. Opposition tried its best to expose the Ershad's regime and eventually boycotted the presidential elections in November 1986. In this election, Ershad defeated eleven other presidential candidates, securing 84 percent of the votes.

Firmly in control of a civilian government as well as the military establishment, Ershad secured the passage of the Seventh Amendment which ratified all the past actions of the martial law administration. Legitimising his rule of the previous four years, Ershad lifted the martial law and revived the Constitution. The opposition parties were unable to unite to oust Ershad because they were pursuing competing objectives. Khaleda Zia wanted to revive the Constitution with amendments carried out upto 1982, while Hasina wanted to revive the complete Constitution of 1972.

In 1987, a new phase of cooperation between the two opposition alliances began. Ershad's plans to introduce the District Council Amendment bill allowing families of military personnel to take part in the council as non-voting members and the failure of the government to mitigate the misery of those affected by heavy floods brought the opposition parties together. The resulting political crisis compelled Ershad to dissolve the Parliament and suspended the fundamental rights. New elections to the local bodies were held in February 1988. In the parliamentary elections held the following month, Ershad's party secured a handsome majority. In June 1988, Ershad through the Eighth Amendment to the Constitution declared Islam as the state religion even while Providing for religions freedom.

In the meantime, the movement for the restoration of democracy against Ershad's authoritarian rule continued unabated spearheaded by the students. The student during the agitation often turned violent. President Ershad invited the opposition for a dialogue for a new parliamentary election. The All-Party Students Unity (APSU) forced the opposition leaders to reply in a joint statement that they would not participate in any election under Ershad unless a vice-President acceptable to the opposition alliances was appointed to head the interim caretaker government and hold a free and fair election to a sovereign Parliament within three months under the supervision of a reconstituted Election Commission.

Check Your Progress 3

Note: i) Use the space given below for your answers.

ii) Check your answer with the model answer given at the end of the unit.

- 1) What was the difference between President Sattar and General Ershad on the role of the military?

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- 2) What were the five demands of the opposition in response to the invitation by Ershad for a dialogue with it?

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- 3) What made the opposition leaders to issue a joint statement in reply to the invitation for talks by President Ershad?

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9.7 DEMOCRACY REINSTALLED

The opposition agitation against the Ershad regime intensified in response to the government's harsh repression. The opposition parties announced a dusk to dawn hartal on 28th November 1990 in Dhaka and in the entire country in protest against the killing of three demonstrators the previous day. Even the government servants joined the strike demanding Ershad's resignation. Ershad retaliated by declaring emergency and press censorship. He also announced a 10 point proposal for talks but the opposition rejected it outright. Eventually General Ershad was forced to resign and announced the election to the National Assembly. He handed over power to the Vice-President for which the Chief Justice had been sworn in earlier. According to the 19th November 1990 agreement, the Vice President (acting President) was to hand over power to a sovereign Parliament which would be revived but the BNP leader and Prime Minister designate, Khaleda Zia, stated that only a sitting Parliament could make systemic changes. Formally, this also required a change in the BNP constitution as it provided for a Presidential system. In the general elections held in 1991, Begum Khaleda Zia emerged victorious.

Khaleda Zia's government was confronted by a concerted and frequently effective campaign of opposition, with frequent demonstrations and strikes, orchestrated by the AL, the Jatiyo Dal, the party of ex-military dictator Gen. Ershad, and the increasingly influential Muslim fundamentalists of the Jama'at-e-Islami. Faced with growing political instability during the latter part of 1995, Khaleda Zia announced the holding of general elections in February 1996. The government's failure to stand down in favour of a neutral administration to supervise the electoral process was fiercely denounced by all opposition parties, including the AL leader, Sheikh Hasina. Awami League and the others organised a successful boycott of the poll which undermined its legitimacy, as only 10% (at the very most) of the electorate voted. Khaleda Zia remained in office, however, which did not augur well for the country's immediate future. Abroad, relations with Pakistan, normalised in 1976, have since been stable. However, border disputes with both India and Myanmar have flared up and in both cases, especially the latter, relations remain tense.

The combined opposition had boycotted the Assembly (national parliament) during the last two years of its life i.e., (1994-96), protesting against corruption and rigging of by-elections by the BNP. Khaleda Zia tried to ignore the opposition parties and ruled the country without their participation. This led to political unrest in the administration which was soon brought to a stand-still. Under pressure, Khaleda Zia agreed to the appointment of a non-partisan interim government to hold new elections. The constitution was duly amended to provide for such an arrangement. The election was held in June 1996. This time the AL won 147 seats and, with the cooperation of the Jatiyo party (31 seats) and the Jama'at-e-Islami (3 seats), Shaikh Hasina formed the government.

However, Khaleda Zia's BNP had also won a respectable 116 seats in the Assembly, despite the serious charges of corruption levelled against the BNP prior the election.

Though the June 1996 election were free and fair, the BNP protested vote rigging by the AL. Hasina Wajed's tenure was marked by similar frequent boycott of Parliament by the main opposition party, the BNP and demonstrations and strikes by the opposition led by the BNP. Among other grievances, the opposition alleged that the police and AL activists were engaging in large-scale harassment and jailing of opposition activists. The four party opposition alliance formed in early 1999 boycotted the parliamentary by-elections and local government elections. In July 2001, the AL government stepped down to allow a caretaker government to preside over parliamentary elections. In the run up to the October 2001 elections, the caretaker government was effective in dealing with political violence that had become a common feature in the 1990s.

In the 2001 elections, the AL, too sure of itself, decided to go virtually alone. It had already severed links with some of its allies such as Kader Siddiqui and made no attempt to bring the leftist parties on its platform. Fundamentalists like the Jama'at-i-Islami and others ran a vigorous campaign against the AL government. Khaleda Zia, who led a four-party alliance to seek the mandate of the people, scored a landslide victory in the elections, capturing an absolute majority of 182 seats by itself and 201 seats along with its allies. With only 62 seats, it was worst performance of the AL ever.

Refusing to accept the result of the 2001 election, the AL called for a programme of national resistance against the government and immediately announced a boycott of the eighth parliament. The Chairman of the BNP, Khaleda Zia, took the oath of office as the 11th Prime Minister of Bangladesh on October 10, 2001. After boycotting the first two sessions of the eighth parliament, the Awami League announced it was forming a shadow cabinet and ended its boycott of parliament on June 24, 2002, entering the parliamentary debate on the national budget.

Check Your Progress 4

Note: i) Use the space given below for your answers.

ii) Check your answer with the model answer given at the end of the unit.

1) What made Ershad to abdicate power? In whose favour did he do so.?

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2) What were the reasons for the defeat of the Awami League in the Parliamentary elections of 2001?

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9.8 BUREAUCRACY

When Bangladesh became independent, the members of the civil service who joined the new nation brought with them the heritage of the Indian civil service, administrative competence. Because of its over-developed nature vis a vis other institutions in the society, bureaucracy became firmly entrenched within the socio-political fabric. The members of Bangladesh civil service soon emerged as the nation's most influential group of civilians.

In the early years, however, bureaucracy was viewed with deep suspicion by the political establishment. Civil servants, across the board, were censured for all the ills that befell the country before independence, including its dubious role in thwarting democracy and in being an accessory to military rule. The Awami League openly castigated specific groups of bureaucracy or even individuals with a view to demeaning and humiliating them in front of people. The result was that the services of the professional officers remained underutilised during the critical phase of national development.

It was left to the military regimes to take the initiative in streamlining public administration. In 1977, recruitment system based on patronage was replaced by one that laid emphasis on merit and equality. The open competitive system of recruitment brought bright young talent into bureaucracy. Zia also introduced new training concepts to imbue civil servants with the principles and practices of development administration.

Ershad's regime brought some changes in the bureaucratic set up of the state, particularly in emphasising decentralisation and development. The recruitment system was modified to eliminate the entrenched power of the old elites and to decrease the bias that favoured candidates from wealthy, urban families. These changes were, however, seen as attempts to militarise the bureaucracy and strengthen the army's position at the village level.

In general, the reforms initiatives undertaken by different political regimes turned out to be limited and parochial in nature. The fundamental contours of the administrative system remained unaffected.

9.9 ARMY

While the armed forces of India and Pakistan were bequeathed by the British, the Bangladesh armed forces, including the Bangladesh Rifles came into existence only after 1971. They emerged as political creatures due to the circumstances that prevailed at the time of creation of the nation. Initially, it was composed of the repatriated Bengali personnel of the Pakistan Army (East Bengal Regiments) and the freedom fighters of the Mukti Bahini.

The top hierarchy of the army for some time was composed of officers who had served in the Pakistan army during Field Marshal Ayub Khan's regime. Most of them had urban backgrounds. The bulk of the rank and file of the armed forces came from the poor and economically backward rural areas. Given this socio-economic composition of the armed forces it is not surprising that its leaders, conditioned by the imperatives and system of military rule in Pakistan were comfortable with military rule, while the rank and file was susceptible to Islamic fundamentalist influences prevailing in backward rural areas. The army, during its political power tenures, therefore, drew heavily on the support of Islamic fundamentalist parties to win over the masses.

Like the Pakistani army, the Bangladesh armed forces perceives itself as the only unifying force of the country; has a poor opinion of the competence of political parties to govern and see a constitutional role for themselves.

9.10 LET US SUM UP

In this unit, we have examined political developments in Bangladesh bringing out the factors and forces that have shaped the political structures. As we saw, the populist regime led by Sheikh Mujibur Rahman brought out the deep fissures and contradictions within the democratic structure of the Bangladesh polity resulting in the curtailment of fundamental rights and a shift towards presidential government based on one-party system. These abrupt and fundamental changes culminated in the first military coup in 1975. Coups, counter coups and assassinations continued till the nineties. The two

military rulers Gen. Ziaur Rahman and H.M. Ershad made some nominal changes in the Constitution on the pretext democratisation of the system but the changes were only cosmetic and did not help in the democratisation of the system. Popular resistance finally resulted in the restoration of democracy and parliamentary institutions in the early 1990s. Since then, the Bangladesh National Party and the Awami League have dominated the political scene in Bangladesh.

A distinguishing feature of political culture in Bangladesh has been the high levels of political activism. While this has helped in the restoration of democracy, it has also led to factionalism resulting in the absence of strong opposition. Bangladesh is a young country whose transition to democracy has been limited by strong tensions between the main political parties, resulting in constant parliamentary boycotts, street demonstrations, and hartals.

9.11 SOME USEFUL BOOKS

Ahmed Maodud, (1983) *Bangladesh: Era of Sheikh Mujibur Rahman* (Dhaka)

Ahmed, Emajuddin, (1980) *Bureaucratic Elites in Segmented Economic Growth: Pakistan and Bangladesh*. Dhaka.

Islam, Nurul, (1979) *Developing Planning in Bangladesh: A Study in Political Economy*. Dhaka.

Jahan, Raunaq, (1980) *Bangladesh Politics- Problems and Issues*. Dhaka.

Talukdar, Maniruzzaman (1988) *The Bangladesh Revolution and Its Aftermath*. Dhaka.

Ray, J. K. (1992) *An Uncertain Beginning: Perspectives on Parliamentary Democracy in Bangladesh*. Dhaka.

9.12 ANSWER TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) The basic principles were nationalism, socialism, secularism and democracy. These principles reflected longstanding popular demands and therefore had strong political legitimacy.
- 2) The Fourth Amendment replaced the parliamentary system with a presidential one. It provided for a cadre based single party system.

Check Your Progress 2

- 1) The weakening of democratic forces due to factionalism in the political parties on the one hand and the politicization of the armed forces, a legacy of the liberation struggle, contributed to the first military intervention in the politics of Bangladesh.
- 2) Ziaur Rahman consolidated his position by taking over presidency from Justice Sayem in April 1977. The army was cleared of adverse elements, constitutional amendments were undertaken to do away with secularism and socialism, pro-Pakistan bureaucrats were given responsible positions etc.

Check Your Progress 3

- 1) While President Sattar refused to allow the army any role in the governance of the country, Gen. Ershad wanted a constitutionally guaranteed status for the army.

- 2) Lifting of martial law, restoration of fundamental rights, parliamentary polls to precede all other elections, release of all political prisoners, and trial of those responsible for the death of students of Dhaka University during the 1983 elections.
- 3) This was done with the initiative of the students who formed the All Party Students Unity.

Check Your Progress 4

- 1) Opposition unity and mass uprising forced Ershad to abdicated power in favour of Vice President to which office, the Chief Justice of Bangladesh was sworn in.
- 2) While the opposition BNP forged a four party alliance, the Awami League went to polls on its own. It failed to rope in the active support of left parties. The attack from rightist parties like the Jama'at-i-Islami also weakened it.

UNIT 10 ECONOMY AND SOCIETY IN BANGLADESH

Structure

- 10.0 Objectives
- 10.1 Introduction
- 10.2 Population
- 10.3 Society
 - 10.3.1 Religion
 - 10.3.2 Ethnicity
- 10.4 Economy
 - 10.4.1 Economic Policy and Planning
 - 10.4.2 External Dependence
 - 10.4.3 Liberalisation and Foreign Direct Investment
 - 10.4.4 Environmental Challenges
- 10.5 Crisis in Governance
- 10.6 Let Us Sum Up
- 10.7 Some Useful Books
- 10.8 Answers to Check Your Progress Exercises.

10.0 OBJECTIVES

This unit examines main features of society and economy in Bangladesh and describes some of the problems and issues confronting the youngest nation in South Asia. After going through this unit, you should be able to:

- Describe the demographic, linguistic and ethnic features of Bangladesh;
- Identify the main issues in the ethnic problems confronting Bangladesh;
- Describe the economic features and problems confronting the new nation;
- Identify the thrust and impact of economic planning; and
- Comment on the crisis of governability.

10.1 INTRODUCTION

Bangladesh is the newest country of South Asia. Formerly known as East Pakistan, it was one of the five provinces in Pakistan that was separated by about 1,600 kilometres of the Indian territory. Bangladesh emerged as an independent nation as a result of liberation war in 1971.

Bangladesh is the third largest state in South Asia with an area of 148, 393 square kilometres. It is bordered on three sides by the Indian territory of West Bengal, Meghalaya, Assam and Tripura and by Burma toward the southwest. On the south it extends to the Bay of Bengal which provides access to the high seas. Most of the land of the Bangladesh is formed by alluvial soil of two of the world's major river systems, the Ganges (called Padma in Bangladesh) and the Brahmaputra (called Jamuna). The

river Brahmaputra rises on the northern slopes in Tibet and the Ganges rises on the southern side of the Himalayan mountain range. Both these river systems are joined by the Meghna, which rises in the Assam hills. The streams that run throughout Bangladesh provide a valuable network for water transport of people and goods. The river systems are both a blessing as well as a curse to the people of Bangladesh. During the rainy season floods bring rich silt that replenish fertile soil and provide water for major crops such as rice and jute, which require large amounts of water. The damage caused by floods to crops is also substantial. In a typical year, about one tenth of the land is subjected to severe flooding and at least one half to some inundation.

10.2 POPULATION

With a population of about 130 million people, Bangladesh is the second largest country in South Asia. Population density here is among the highest in the world, though it is not uniform across the country. As in other countries of South Asia region, the most developed regions are the most densely populated one. In Dhaka and Chittagong, for instance, the population density is 4000 persons per square mile. Chittagong Hill Tract region is sparsely populated, because it is rugged and underdeveloped. About 80 per cent of the population lives in rural areas. Urbanization has been slow in Bangladesh, though Dhaka, the national capital and the principal seat of culture and Chittagong, the principal sea port and an industrial centre, have registered a high rate of population growth. Other towns with a large urban population are Narayanganj, Khulna, Barisal, Saidpur, Rajshahi, Mymensingh and Comilla.

The rate of population growth in Bangladesh is obviously very high. According to estimates, it was nearly three percent per annum at the time of its independence. Today it is little above two percent per annum. At this rate of growth, Bangladesh is by all estimates caught in a vicious cycle of population expansion and poverty. Improving the standard of living very much depends upon control of population growth. Even political stability depends upon reducing the gap between access to resources and availability of resources. Successive governments have therefore framed policies to induce people to have small families. Foreign and international organizations, including the United Nations are providing assistance to popularize family planning methods. However, because of high infant mortality rates as well as the perceived social security function of children, that is, their role in serving and supporting the old aged, small family norm has not gained currency.

10.3 SOCIETY

Though Bangladesh is the youngest nation, the region has a long history. It has been a part of successive Indian empires. It was in the 13th century that the region came under the influence of Islam. During the British colonial rule, the region formed the eastern part of a hinterland of Bengal, which was dominated by the British rulers and Hindu professional, commercial and landed elites. As the eastern wing of Pakistan, the region came under the hegemony of the non-Bengali Muslim elite of west wing of Pakistan. With its emergence as an independent nation, a new social order began to take shape.

Bangladesh has an overwhelming majority of people speaking Bengali, though it is not a monolingual state. While 98 per cent of the total population of the country speak Bengali, the Chittagong Hill Tracts are predominantly inhabited by the people who speak languages which originated from Assamo-Burman linguistic families. Though they have been grouped as tribal languages, many of them are quite developed with rich literary traditions. In Rajshahi, Dinapur and Mymensingh, there are people who speak a language of the Austik linguistic family. However, all citizens of Bangladesh understand and are fluent in Bengali.

Bangladesh is the largest Muslim country in the world, with over 85 percent of its population being the followers of Islam. With Hindus constituting about 12 percent, Buddhists 1.2 and Christians .01 percent of the population, Bangladesh is a multi-religious society. Muslims are dominant in all parts of the country, excepting Chittagong Hill Tracts where Buddhists are predominant. Hindus are present in all regions, though they constitute a majority in some parts of Khulna division.

The tradition of Islamic mysticism known as Sufism played an important role in the spread of and conversion to Islam, particularly in the Bengal region. Sufism is essentially a popular movement emphasizing love of God rather than fear of God. Sufism stresses a direct, unstructured, personal devotion to God in place of the ritualistic, outward observance of the faith. An important belief in the Sufi tradition is that the average believer may use spiritual guides in his pursuit of the truth. These guides - friends of God or saints - are commonly called fakirs or pirs.

The Qadiri, Naqshbandi, and Chishti orders are the most widespread Sufi orders in Bangladesh. The beliefs and practices of the first two are quite close to those of orthodox Islam; the third, founded in Ajmer, India, is peculiar to the subcontinent and has a number of unorthodox practices, such as the use of music in its liturgy. Its ranks have included many musicians and poets. Pirs do not attain their office through consensus and do not normally function as community representatives. The villager may expect a pir to advise him and offer inspiration but would not expect him to lead communal prayers or deliver the weekly sermon at the local mosque. Some pirs, however, are known to have taken an active interest in politics either by running for public office or by supporting other candidates. For example, Pir Hafizi Huzur ran as a candidate for president in the 1986 election. The pirs of Atroshi and Sarsina apparently also exerted some political influence. Their visitors have included presidents and cabinet ministers.

In spite of being a Muslim majority state, the Constitution of 1972 emphasised secularism. In the united Pakistan, Islam was divided by language and discrimination of one segment of society by another. It is therefore not surprising that there was a strong preference for secularism. After the assassination of Sheikh Mujibur Rahman in 1975, the new rulers turned towards Islamisation of the country. The first Martial Law regime, in order to establish its Islamic credentials, inserted an invocation (Bismillah ar Rahman ar Rahim) on the top of the Constitution, added new articles and clauses reposing absolute faith in the Almighty Allah and omitted all references which provided guidelines for realising secularism. In 1988, Gen. Ershad inserted an article in the constitution which declared that "the state religion of the Republic is Islam, but other religions may be practiced in peace and harmony in the Republic". Though the rights of the minorities have not been taken away, still fundamental changes in the nature of politics in Bangladesh has taken place. A number of religious parties have emerged which press the government to implement Islamic principles in governance.

10.3.2 Ethnicity

The Bengalis are the mixed people, having emerged through a continuous process of assimilation of the Aryan, Dravidians, and the Mongoloid races. But in the process of assimilation all of them lost their original identity and emerged as the Bengalis, who live not only in Bangladesh but also in West Bengal, Tripura and in parts of Assam in India. While the Bengalis constitute about 98 per cent of the population, the rest are divided small ethnic groups living in undeveloped border areas. In the Dinajpur and Rajshahi districts, there lives a small tribe, known as the Santals who belong to the Munda ethnic group. There are Khasi people in Mymensingh and Sylhet districts. There are people of Tibeto-Burma origin in the Chittagong Hill Tracts in the southeast of the country. They are divided into eleven tribes such as the Chakmas, Marwas, Moghs, Tipuras, Murungs Tanchaungs, Kamis, Ryangs, Khyangs, Bons and Pankhos.

Though Bangladesh is characterized by a high degree of homogeneity in terms of religion and language, it has not been free from ethnic conflict. Some of ethnic and tribal groups that have posed domestic problems and have been a factor in Bangladesh's relation with neighbours – Pakistan, Myanmar and India are the Biharis, Chakmas and Rohingyas.

Biharis are the Urdu speaking non-Bengali Muslim refugees from Bihar and other parts of north India. At the time of the "Great Calcutta killings" in August 1946, about 1.3 million Bengali Muslims migrated to Pakistan. Of these, about 700,000 people came to East Pakistan. Dominating the upper levels of the Bengali society, the Biharis collaborated with the Pakistani army during the 1971 civil war which culminated in the creation of Bangladesh. They have expressed the desire to migrate to Pakistan. After the Delhi Agreement in 1974 between Bangladesh, Pakistan and India, many migrated to Pakistan. Some 250,000 people who were left in the country are considered Pakistani citizens who are to be repatriated to Pakistan. Pakistan, on the other hand, has been reluctant to accept them. With the result, the Biharis are still living in camps hoping to return to Pakistan one day.

The Chakmas are the largest tribal group of Bangladesh living in the Chittagong Hill Tracts (CHT). They are the dominant group in cultural, educational and economic as well as political terms. Their number in 1981 was estimated at around 210,000 or 48 percent of the tribal population. Historically, the people of CHT have remained largely secluded from the plains people. In the late 18th century, they had resisted with some success the British efforts to settle Bengalis in the region. In 1900, the British granted special status to the region by which it restricted settlement in CHT and gave limited self government. At the time of partition, the CHT was allotted to Pakistan. This was opposed by the tribe's people who preferred union with India. As a Mongoloid, professing Buddhism, the Chakmas wanted to be autonomous rather than be part of a state created in the name of religion. But their protests were of no avail. Thus, from the very onset, a mutual suspicion existed between the Chakmas and the Pakistani government. With the widening of that gulf between the two, the Ayub government in 1964 withdrew the special status of the region.

During the liberation war, Chakmas supported Pakistan and many entered into India along with other refugees. India provided residence camps for Chakmas in Tripura and Mizoram. In 1972, the Chakma member of the Bangladeshi parliament, Manobendra Narayan Larma demanded autonomy and restoration of special status to the CHT. Mujib ur Rahman rejected these demands and advised the hill people to assimilate with mainstream Bengali nationalism. Consequently a revolt among the tribal people against the Bangladeshi government took place. In 1976, the Bangladeshi government used armed forces to quell the Chakma rebellion. Successive governments in Bangladesh maintained an uncompromising position on the demands of the CHT people, and as a consequence armed confrontation has continued between the government and the CHT people. Compounded with this, the demographic composition of the region has undergone change. The percentage of Bengalis increased from 11.6 per cent in 1974 to 42 per cent in 1981 and 48.5 per cent in 1991. Whenever Bangladesh tried to use force against Chakmas they crossed into the Indian territory. It is estimated that more than five lakh Chakma refugees entered illegally into India between 1971 and 1981.

Bangladesh has to deal with another ethnic problem, the Rohingyas refugees. The Rohingyas are also referred to as the Arakanese as they primarily reside in the mountainous western state of Arakan that borders Bangladesh. Historically, the relations between the Buddhist Myanmarese and the Muslim Rohingyas have been tense. During the World War II the British promised them a Muslim National Area within Burma. When the promise was not fulfilled, the North Arakan Muslim League engaged in an armed rebellion with an objective of securing the merger of the northern part of Arakan with East Pakistan. But the armed rebellion was quelled. With the military junta in Myanmar adopting discriminatory policies against religious minorities, Rohingyas were subject to restrictions including denial of citizenship rights, forced labour, excessive

and arbitrary taxes, forced relocation and restrictions on freedom of movement. These policies have resulted in mass exodus of Rohingyas into Bangladesh. In 1977, in response to the military government's attempt to identify illegal immigrants, some 200,000 people sought refuge in Bangladesh. While most of them subsequently returned, in 1981-82 there was another exodus as Rangoon implemented a new citizenship law that required residents to prove that they have lived in the country since 1824. In the 1990s, further migrations to Bangladesh occurred, many of which were reportedly due to forcible expulsions by state authorities. In 2001, there were some 20,000 Rohingyas living in the refugee camps of Bangladesh. By most accounts, the condition of these stateless people is pathetic because of deteriorating public health conditions, declining caloric intake, dispossession from their land, and internal resettlement as a result of government policies.

Check Your Progress 1

Note: i) Use the space below for your answers.

ii) Check your answer with the model answer given at the end of the unit.

1) How is population growth an issue in development of Bangladesh?

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2) What is the role of Sufism in Bangladesh?

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3) What is the root cause of conflict between the people of the Chittagong Hill Tracks and the government of Bangladesh?

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10.4 ECONOMY

When Bangladesh emerged as a sovereign independent nation, it was confronted with the highest rural population density in the entire world, an annual population growth rate of nearly 3 percent, chronic malnutrition for perhaps the majority of the people, and the dislocation of between 8 and 10 million people who had fled to India and returned to independent Bangladesh by 1972. As East Pakistan, the region's political and economic systems were dominated by elements from West Pakistan. Once they left, the new nation had few experienced entrepreneurs, managers, administrators or engineers. There were critical shortages of essential food grains and other staples because of wartime disruptions. Even jute exports which were the main source of foreign exchange earner suffered because of the disruption of supply. Bangladesh did have a large of work force, but it was largely illiterate, unskilled, and underemployed. Commercially exploitable industrial resources, except for natural gas, were lacking.

Inflation, especially for essential consumer goods, was as high as 300 percent. Moreover, the new country was yet to recover from the damage inflicted by the severe cyclone of 1970. Foreign exchange resources were minuscule, and the banking and monetary system was unreliable. In addition to domestic crisis, the global economic environment of sharp increase in oil prices in 1973, deterioration of terms of trade, fall in commodity prices, recession in world economy, and decline in volume of international development assistance exacerbated the economic problems of the new nation.

India was the first nation to come forward with massive economic assistance to the tune of US\$232 million mostly in the form of 900,000 tons of food grains. The United States and the World Bank thereafter became leading foreign aid donors, and the World Bank organized a consortium known as the Bangladesh Aid Group, comprising twenty-six international financial institutions and foreign governments interested in assisting Bangladesh's development.

10.4.1 Economic Policy and Planning

Bangladesh ranks as the eight largest country, in terms of population. According to World Bank estimates, the per capita income ranging between \$ 130 and 140 in the 1980s, Bangladesh is ranked second from the bottom. With nearly two-third of the population living below the poverty line, Bangladesh is the "largest-poorest" nation and is categorised as "least developed nation".

Sheikh Mujibur Rahman, the first president of Bangladesh, set up a national-level Planning Commission to direct economic priorities. As in India, the Planning Commission of Bangladesh drafts development plans for five year periods. But unlike in India, the drafting of the five year plans is undertaken exclusively by technocrats with very little input from the political and bureaucratic establishment.

The principal objectives of the five-year plans have been to reduce poverty, bring down the annual rate of population growth, increase exports and domestic savings, attain self-sufficiency in food production, and realize around five percent growth of annual gross domestic product. These goals have been ambitious to say the least, given the predominance of the agricultural sector, wide-spread poverty and limited mineral resources. In the early 1980s, the Ershad government introduced land reforms which reduced the land ownership per family from the earlier 33 acres to 20 acres. But this has meant very little, as only 0.4 percent farmers held land in excess of 25 acres. The 1980s also witnessed a greater thrust towards industrialization. Both Gen Zia and Ershad have diluted the socialist thrust of the 1970s by denationalisation of industries and encouraging private investment. In addition, attempts were made to attract foreign investment. But liberalisation of the economy did not achieve much owing to lack of infrastructure and resources. Bangladesh stepped into the 1990s as a predominantly rural economy, with agriculture contributing nearly 50 per cent of the value of gross domestic product. Approximately 82 percent of the country's population lived in rural areas, virtually all of them making their living exclusively or substantially from agriculture. Though domestic production increasing at a relatively steady rate, it was not fast enough to close the gap created by the continuing rapid growth of population. Bangladesh continued to import food grains to meet minimum needs for the subsistence of the population.

10.4.2 External Dependence

Bangladesh's economy is heavily dependent on foreign aid. The dependence is not a recent origin but that can be traced to the days of pre-liberation. At that time it was a net exporter of capital to West Pakistan and a net importer of foreign aid. After independence, the war ravaged economy made Bangladesh to depend on foreign aid. What initially began as a necessity for the rehabilitation of millions of refugees displaced by war soon became a pattern of dependent development.

For more than a quarter century Bangladesh has been receiving aid bilaterally well as multilaterally. Normally aid is received in the form of grants, loans, food aid, commodity aid and project development aid. Main donors include Japan, US, Canada, UK, Saudi Arabia, Germany, Netherlands and India. Japan is the largest bilateral aid donor. All these states account for nearly fifty per cent of aid Bangladesh receives. Bangladesh also receives aid from multilateral agencies such as the World Bank, Asian Development Bank, OPEC and the European Union. Between 1971 and 1989, it received \$ 19 billion in aid and loans. The external aid is about nine per cent of GDP, and 116 per cent of annual development plan. About 55 percent of the funds for the Third Five Year plan (1985-90) came from foreign sources, including private investment, the aid programs of international financial institutions, and bilateral donor nations.

In spite of massive aid flow, there appears to be little discernible improvement in the economy. It not only failed to improve the standards of living of people, eradicate poverty but its external dependence seriously distorted the development pattern. This in turn widened the gap between rich and poor. The increasing dependence on external aid resulted in the decline of domestic savings. When per capita foreign aid went from TK 840 in 1981 to TK 2,720 in 1987, domestic savings went down from 3.4 per cent in 1981 to 1.1 percent in 1988. It is also alleged that the conditions attached to aid are curtailing Bangladesh's sovereignty and freedom to be self-reliant. The media calls the dependency as "neo-colonialist". According to some studies, external aid helps the donors more than the receivers as most of the money goes back in some form or the other. Shoban Rehman and Ifftekharuzzaman have estimated that 75 per cent of aid goes to the donors in the form of costs for procurement of project inputs and consultancy fees to foreign experts.

Heavy dependence on aid has its impact on domestic front. Decline of domestic savings resulted in low investments in capital goods sector, and irrigation. It means growth in the productive capacity of the economy-recorded contraction. The economic growth rate averaged only 4 per cent during 1973 and 1993. This in turn influenced the nature and stability of the political system.

Aid has become a soft option for the political leadership to avoid hard decisions on the economic front. Some times donors had the dubious distinction of influencing even the political process. For example, it is reported that in 1990 the Japanese and the British threat to withdraw all aid put additional pressure on Ershad to resign from office. This paved the way for the conduct of elections, which in turn restored parliamentary democracy in Bangladesh.

10.4.3 Liberalisation and Foreign Direct Investment

Faced with a huge external public debt of 37 per cent of the GNP, Bangladesh abandoned the import substitution policies in the late 1980s. In consultation with international financial institutions, Bangladeshi initiated market oriented reforms to revitalise the economy. These included export promotion schemes, liberalisation of exchange rates, reform and privatization of state owned enterprises, removal of price controls and subsidies, restructuring of the financial sector, and tax reforms. These were aimed at encouraging domestic and foreign investment in the private sector. In addition, import liberalization was undertaken and an abundance of imported goods were made available to both consumers and producers. Foreign aid in the form of both loans and grants were used to finance these imports.

Though there are infrastructural bottlenecks, the market oriented reforms have resulted in substantial increase in the flow of FDI in the 1990's. It increased from \$ 60.27 million in 1990 to \$ 804 million in 1993-94 and to \$ 2,119 million in 1999-2000. Most of the FDI was in the form of joint ventures. A number of multinational national companies collaborated with local investors to start joint ventures. Global companies such as General Electricals, Reckit & Colman, Glaxo, Berger paints, Singer, Pfizer, Coca-Cola, Pepsi, Siemens, Philips invested in Bangladesh. Significantly, unlike in the past

when foreign investment was dominated by Western nations, the newly industrialized economies (NIEs) of East Asia made significant strides by investing more in Bangladesh in the 1990s. Most of the FDI is concentrated in the sectors like garments, textiles, and knitwear operating in the export processing zones. It is also observed that the FDI is generating greater employment opportunities, as it is largely labour-intensive because of availability of cheap labour in Bangladesh. It is said that there are 100 per cent equity, 'non-equity' and 'licensing' forms of foreign investment.

One of the greatest attractions for FDI is the oil and gas sector. It is estimated that Bangladesh is having 13.74 trillion cubic feet of natural gas. International agencies like World Bank and Asian Development Bank claim that the natural gas reserves range from 30 to 80 trillion cubic feet. To exploit these resources Bangladesh government has shown keen interest in collaborating with India and US in helping it pump its natural gas. The US too has shown considerable interest in Bangladesh's energy sector. Its companies have already made investments in the gas sector to the tune of about \$ 250 million. But there is domestic opposition for co-operation with India.

The market oriented reforms are seen as being important in sustaining growth in the future. While the reforms have generated employment, growth, and development in Bangladesh, critics of the new economic policies argue that they have not encouraged an autonomous domestic industrial capability.

The reforms have led to some resource shifts in the economy, but the growth and diversification in the industrial sector has been limited. Given the low per capita income and low purchasing power of the people, the domestic market is not large enough to absorb a substantial increase in industrial output. The only option is to tap the export markets. However, the country's access to foreign market is limited and limited to low value added products. For instance, Bangladesh has encouraged the growth of garment industry since the late 1970s. This industry which is primarily geared to Western market has emerged as a major source of foreign exchange. But reliance on garment industry as a source of foreign earning has left the country vulnerable to the mercy of the same countries which influence international donor agency policies. A small number of electronic and plastic firms have come up in the export processing zones, but these rely little on domestic inputs or human capital. The lack of a large entrepreneurial base and skilled labour force has been a problem as has been an absence of familiarity with international technology and marketing standards.

In the early phase of the reforms, resistance to change has come from labour unions in the public sector and a variety of civil society groups. The resistance was one of the factors that caused the Ershad government to fall in 1991. When the BNP government came to power and continued the liberalization, it also lost to the opposition led by the Awami League which received support from labour unions and anti-reform groups. While resistance from interest groups such as selected producer groups or unions remains, today there is a general consensus in the public and media that Bangladesh is too small to be insulated and must integrate with the global economy. However, the nature of this integration is said to be passive, superficial, and with little linkage to the bulk of people and economic activity in the country.

The market reforms undertaken to integrate with the world economy have resulted in reallocation of resources away from public expenditure for the provision of health, education, and other services. There was a general perception that the earlier emphasis on poverty alleviation had shifted to a more strict focus on market determined economic efficiency. A simultaneous rise in democratic and popular movements has led to a search for alternative approaches to poverty alleviation and the provision of basic needs. This is seen in the expansion of non-governmental organizations (NGOs), both local and international, which have concentrated on empowerment, health, education, and micro-enterprises. In the long run, better social services and greater participation of the people in development can lead to a greater success of market based policies.

10.4.4 Environmental Challenges

Bangladesh faces alarming environmental problems affecting its economic activity. Most of the problems lie beyond its own control because of its geographical position. These include deforestation in the Himalayan range, rise in sea level due to global warming, floods, cyclones and drought, deterioration in water and soil quality and waste dumping. Some of the Bangladesh scholars opine that these not only have impact on the economic activity of the people but also raise the question of viability of the country.

Floods cause immense damage to crops, displace thousands of people every year. It is estimated that floods affect 18 per cent of the total land area in Bangladesh. There have been fourteen devastating floods in the last forty years. This is affecting employment and agricultural production forcing the country to import food grains.

Global warming, too, would affect the future of Bangladesh in a serious manner. According to scientists that one meter rise in sea level would result in displacement of eleven per cent of population and complete inundation of 17.5 per cent of the total land area. In order to off set the effects of global warming; Bangladesh would have to spend ten billion dollars. Everyone knows that Bangladesh do not have that much money. Only international help and assistance can help in addressing the problem.

10.5 CRISIS IN GOVERNANCE

Governance is a new criteria adopted by scholars and activists to understand and analyze the social, political and economic performance of a state. In a sense, governance is the function of the institutional capacity of the state to provide political stability, maintain social peace and optimal economic development through efficient use of available resources.

The performance of public institutions and government in Bangladesh is mixed one: normal to poor. At worst, it is dismal in many areas of governance. The principal challenge being faced by government is ungovernability – gradual declining capacity of governments to perform basic functions. Ungovernability is manifested in three forms: first, the complex social, political and economic problems have accumulated over a period of time and have no easy solutions; second, governments are not willing to confront them to avoid political costs; third, they have become stubborn. Some of the problems of governance in Bangladesh are the existence of corruption at every level and every sphere of national life, failure of the state to protect the life and property of people, denial of rightful place to women in society, and incapacity of the state to deliver basic services and amenities to the people.

The crisis in governance is not unique to Bangladesh. Most developing countries have been facing this crisis. In the case of Bangladesh, it is the result of the circumstances in which the new nation was born and the euphoria and uncertainties that accompanied it. Political culture and social conditions tolerated concentration of powers under the charismatic political head, subsequently sustained by successive military regimes. The undivided Pakistan's inability to come to terms with the electoral verdict exposed the flaws in the political system. Mujib's own authoritarian tendencies led to unrest and dissatisfaction with the masses, military rule and the elections that lacked legitimacy further exposed the weakness of constitutional government. The rivalry and competitive politics of the two major parties under Sheikh Hasina and Khaleda Zia resulted in frequent 'hartals' and 'strikes' disturbing civic life. Low literacy and state controlled media forces the opposition parties to take the issues to streets to mobilize masses to win their support to their programs. Thus, democracy has to go a long way in Bangladesh.

The crisis in governance had its impact on the functioning of economic institutions and economic performance of the country. As the economy grew at slow pace, domestic

investment was low. Bangladesh emerged as one of the heavily dependent countries on foreign aid and borrowings.

Check Your Progress 2

Note: i) Use the space below for your answers.

ii) Check your answer with the model answer given at the end of the unit.

1) What has been impact of foreign aid on society and economy of Bangladesh?

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2) Describe the main features of liberalisation. What was its impact?

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3) What is governance? What has been the impact of the crisis of governance on the economy?

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10.6 LET US SUM UP

Bangladesh is the second largest country in terms of the size of the population and third largest country in terms of area in South Asia region. The country, as we saw, is noted for the remarkable ethnic and cultural homogeneity of its population, though it is a plural society and a home for a number of ethnic minorities, the Santals, the Khasis, the Chakmas, Marwas, Moghs, Tipuras, Murungs Tanchaungs, Kamis, Ryangs, Khyangs, Bons and Pankhos. These ethnic and tribal groups have by no means been assimilated into the new nation. Some of these ethnic and tribal groups, as we observed, have been a factor in the country's relations with neighbours.

With nearly two-third of the population living below the poverty line, Bangladesh is the "largest-poorest" nation and is categorised as "least developed nation". Planned development efforts have not made much dent in the structure of the economy which remains a predominantly rural economy, with agriculture contributing nearly 50 per cent of the value of gross domestic product. Though agricultural output has increased at a steady rate, it was not fast enough to close the gap created by the continuing rapid growth of population. The country continues to import food grains to meet minimum needs for the subsistence of the population. Market oriented reforms taken up since the late 1980s have not encouraged an autonomous domestic industrial capability. Bangladesh continues to depend on a heavy dose of foreign aid and borrowings to sustain its economic growth and generate employment opportunities.

As we saw, the crisis in governance and the environmental problems have also affected the economic performance. Some of the issues confronting Bangladesh are complex and require a lot of effort on the part of civil society and government to resolve them.

10.7 SOME USEFUL BOOKS

Hossain, A. (1996), *Macroeconomic Issues and Policies: The Case of Bangladesh*, New Delhi, Sage Publications

Maclean, S.J et al. (1997), "Structural Adjustment and the Response of Civil Society in Bangladesh and Zimbabwe: A Comparative Analysis" *New Political Economy*, Vol.2, No.1

Quibria, M.G. (ed.) (1997), *The Bangladesh Economy in Transition*, New Delhi, Oxford University Press.

World Bank, The. (1999), *Bangladesh Trade Liberalization: Its Pace and Impacts*, Washington, D.C.

10.8 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) Your answer should mention the effects high rate of population growth on a rural economy characterised by widespread poverty, the political problem of reducing the gap between access to resources and availability of resources.
- 2) Sufism played an important role in the spread of Islam in the region. Most Bangladeshis are influenced by Sufi ideas. Sufi fakirs or pirs command respect in society and some of them have even shown interest in politics.
- 3) The Chakmas have largely lived a secluded life from the plains people. Though they desired a 'native state', the Chittagong Hill Tracts were made part of Pakistan. Fear of losing their life style and control over the local economy to outside settlers has made them seek autonomy or special status. As the new state of Bangladesh did not share their concerns, they took to armed rebellion.

Check Your Progress 2

- 1) Excessive dependence on foreign aid has distorted the development pattern, decreased domestic savings and even the country's sovereignty and freedom of action.
- 2) Liberalisation or market oriented economic policies were aimed at encouraging domestic and foreign investment in the private sector. It involved such policies as export promotion schemes, exchange rate liberalization, reform and privatization of state owned enterprises, removal of price controls and subsidies, restructuring of the financial sector, and tax reforms

These reforms have resulted in reallocation of resources away from public expenditure for the provision of health, education, and other services. There was a general perception that the earlier emphasis on poverty alleviation had shifted to a more strict focus on market determined economic efficiency.

- 3) Governance is the function of the institutional capacity of the state to provide political stability, maintain social peace and optimal economic development through efficient use of available resources. Slow economic growth, low domestic investment and the consequent dependence on foreign aid and investment are the adverse effects of the crisis of governability facing Bangladesh.