

Looking back, at the turn of the millennium, to the aspirations India held when it became independent more than half a century ago, the country has reason to be proud as well as deeply dissatisfied. Outstanding achievements stand besides dismal failures. The consolidation of democracy in what is probably the ethnically most heterogeneous country of the world is a most remarkable success – especially when seen in international comparison. But international comparison also shows India as a country with extreme poverty, mass illiteracy and forced child labor on a large scale. In general, India has been doing better in consolidating its position as a nation in the international system than in improving the life of the mass of its citizens.

### **India's Quest for National Security, International Status and Global Order**

Though designed basically to serve its national interest, India's foreign policy was deeply anchored in the Gandhian ideals of truth, non-violence, tolerance, and the notions of global governance and the world as the single family of humankind. The sheet-anchor of this policy was non-alignment – not as a negative or neutral concept of keeping out of the two rival power blocs that dominated the period following the Second World War, but as a positive concept of exercising independence of judgment and action in foreign policy matters.

For many years after independence, India's foreign policy admirably served its national interests. It gave India an international profile larger than warranted by its economic strength and military power. On several occasions India helped in lowering tension between the rival power blocs. India's opinion on major global issues was eagerly awaited. Throughout this period, India was almost

universally regarded as the most important leader of the non-aligned movement.

Both external and internal factors, however, combined in the later years of the Nehru era and thereafter, to deprive India's foreign policy of some of its effectiveness. Externally, India's defeat at the hands of China in 1962 proved to be a major setback. Besides, the relationship of near permanent hostility with Pakistan exercised a disabling influence on India's foreign policy. Internally, India was increasingly seen as a country which failed to live up to the expectations aroused by it after independence. And in the military field, it could not graduate to the status of a major military power as China did.

The end of the Cold War posed new challenges to India's foreign policy. Although the United States is militarily the only super-power, there is a multi-polar world in terms of economic power. Three main contenders of economic power have emerged: North America dominated by the United States, the European Union and the Asia Pacific region, dominated by Japan. In spite of their competition between each other, they have a vested interest in maintaining the status quo in the global power structure. Thus, instead of two rival power blocs contending for hegemony as in the era of the cold war, we have today a new alliance striving to maintain its hegemony. For India, this multi-polarity combined with the determination of the major powers to maintain the status quo, presents an uncertain complex environment which does not offer many new opportunities, but certainly increased India's vulnerability.

The end of the Cold War also coincided with increasing acceptance of democracy as a mode of governance and the inexorable march of the process of liberalization and globalization. The values of fundamental freedoms and basic human rights have come to be almost universally accepted and country after country in the Third World has

adopted development strategies designed to give full play to the market forces and integrate the country into the world economy. This kind of development strategy is predicated on the reliance on foreign markets as well as foreign capital and technologies. It has, therefore, pronounced foreign policy implications. This not only gives a new salience to economic diplomacy, but also has enhanced the country's dependence, at least in the short and medium term, on major economic powers of the world.

### **Relations With the West**

India has found some aspects of the changes quite welcome. The end of the Cold War, the disappearance of the two rival power blocs and the adoption by the USA and the USSR of far-reaching measures of nuclear disarmament were a vindication of what India had long tried to achieve through the Non-Aligned Movement (NAM). As the world's largest democracy, India also hailed the impressive gains of democracy in the Third World. However, in several other respects, India had to make new departures in its foreign policy. The most important among them affected its policy towards the major Western countries, particularly the United States. India was required to discard the ideological baggage in dealing with these countries and explore new areas of convergence of interests, values and objectives. These countries have the markets, the capital and the technologies which India needs for its economic development. They, particularly the United States, can influence what happens in India's neighborhood, like Pakistan and China. Besides, India cannot make any dent on the existing world order without their cooperation.

### **Relations With Russia**

Unfortunately, there was a parting of the ways with the United States and its allies when India started on its journey as an independent nation. India decided not to align itself with any of the two Cold War contestants and, in fact, assumed the leadership of the non-aligned movement. The then leadership of the United States regarded this

as a heresy. On the other hand, Pakistan decided to join the Western military alliances, mainly to build its military strength against India and not at all because it shared the objective of these alliances. This gave a distinct pro-Pakistani tilt to Western countries' policy on matters affecting India's vital interests. Thus, India was forced to turn to the Soviet Union to obtain economic assistance and to meet its security requirements, that mainly arose out of the Western military assistance to Pakistan. The Soviet Union willingly stepped in to fill these gaps. As a result, there was a quantum jump in the military and economic cooperation between the two countries. The infrastructure and the heavy industries that India was able to build during its successive Five Year Plans owe a great deal to the assistance extended to it by the Soviet Union. Towards the end of the eighties, the Soviet Union was emerging as the biggest trading partner of India in the world. And India's dependence on the Soviet Union for military supplies was as high as 70%–80%.

Today, due to the continuing disarray – and the virtual collapse in 1998 – of the Russian economy and as both India and Russia are trying to integrate their economies with those of the West, economic relations between India and Russia have suffered a serious setback. But India still depends very heavily on Russia for military supplies. Besides, India believes that Russia has the natural resources and human capital to emerge in the next decade or so as a strong economic power, apart from remaining a formidable military power. India, therefore, has every intention to preserve the sinews of its past and existing relationship with Russia and to strengthen and expand them wherever feasible.

### **Relations With China**

As India's biggest and most powerful neighbor China is of strategic importance for India. But Sino-Indian relations underwent a sharp deterioration with the souring of the relations between China and the Soviet Union during the second half of the 1960s. This coincided with the Chinese collusion with Pakistan with a view to keeping India embroiled in South Asian conflicts. China became Pakistan's largest source of military sup-

plies and assistance for military build-up. In fact, Chinese foreign policy in the region seems to be designed to prevent India from emerging as a rival Asian power. Occasional Indian initiatives to restore and impart momentum to Sino-Indian relations have not brought about a qualitative change in the relationship. Peace and calm along the border have remained hostage to China's sweet will. Meanwhile, Chinese assistance to build the military might of Pakistan as a counter-weight against India, continues unabated.

There is no chance of any qualitative change in India's relations with China over the next 10 years or so. On the nuclear issue, it will be more difficult to reach an understanding with China than with other nuclear weapon states and their allies. India should, nevertheless, continue its effort to improve relations with China, while preparing itself to meet any – direct or indirect – threat to its security emanating from China. Ultimately, India will be able to forge durable relations with China and oblige China seriously to address the border problem only after it emerges as a strong, if not an equal, military and economic power.

### **Relations With the Smaller Neighbors**

India is judged by the world often through the prism of the perception of its neighbors. Adverse relations with neighbors will continue to pull it back in its pursuit of playing its rightful role in the comity of nations. Besides, relations with neighbors impinge directly on India's security – both military and non-military. India's neighbors are also its best and natural partners for economic cooperation. Finally what happens to the pluralistic societies in India's neighborhood, particularly Bangladesh and Sri Lanka, seriously affects India's own ability to hold its pluralistic society together.

India faces unique problems in dealing with its neighbors all of whom suffer from an identity crisis vis-à-vis India. This problem is presented in its acutest form in Pakistan. But India's relations with its neighbors are also characterized by a big-neighbor-small-neighbor syndrome. Especially India's smaller neighbors view any initiative coming from India with great suspicion. India, on the other hand, tends to take them for granted and

accord lower priority to them in its foreign policy pre-occupations. Sometimes, India adopts policy measures in wanton disregard of how they are going to effect the interests of the small neighbors who take this policy of »benign neglect« as an insult.

Circumstances compelled India to play a crucial role in the birth of the new nation of Bangladesh in December 1971. This indeed came as a body blow to Pakistan and to the two-nation theory on which it is based. But India's relations with Bangladesh have not been altogether trouble-free. However on the whole, they have been well-managed, as evidenced by the Ganga Water Agreements signed with President Ziaur Rahman in 1977 and with Prime Minister Sheikh Hasina in 1996 as well as by the agreement reached on the return of the Bangladeshi Chakma refugees in India.

India has unequivocally taken the side of the Sri Lankan government in its extremely violent and prolonged war with the LTTE, the organization which wants to carve out a separate state of the Tamils in Sri Lanka. India has done so because it fears that threats to the territorial integrity of neighbor countries might destabilize the multi-ethnic state in India itself. That is why under an accord with the Sri Lankan Government in 1987 India carried out a military campaign against the LTTE at considerable costs of men and material. Even after the withdrawal of its troops from Sri Lanka, India continues to give assistance in various forms to the Sri Lankan government in their fight against the LTTE.

Many of the problems India has with its neighbors stem from their incapacity to deal effectively with their internal conflicts, especially ethnic conflicts. They spill over to India and create tensions in bilateral relations. Sometimes the problems also arise in India and spill over to the territories of neighbor countries. These problems will continue to dog India's relations with its neighbors in the foreseeable future until all the South Asian countries reach the level of economic development, national cohesion and social harmony which characterize the societies of most of the developed countries.

## **Relations With Pakistan**

Pakistan's identity is linked to the two-nation theory based on religion. Ever since its inception, the country has perceived itself almost entirely in anti-Indian terms. Therefore, it does not want to come close to India in any sphere lest its identity be compromised. That is why educational, cultural and media cooperation between the two countries have either been totally in suspension or minimal. That is also the reason why in its trade policy Pakistan – in violation of the GATT/WTO rules – does not extend most-favored-nation treatment to India. Given Pakistan's need to project to its people an enemy image of India and its policy of deliberately maintaining a distance from India in all spheres of interaction, Indo-Pak relations are unlikely to become normal in the foreseeable future. The usurpation of power in Pakistan by the military leaders who have played a direct role in the proxy wars against India, including that in Kargil, is going to make the task of restoring Indo-Pak relations to normal health, even more difficult.

Kashmir is an important issue which must be resolved. But it is certainly not the core issue that Pakistan claims it to be. Problems between India and Pakistan are not going to disappear with the resolution of the Kashmir problem. In any case, it will be extremely difficult for any government in India to agree to a solution of the Kashmir problem by allowing self-determination on a religious basis. This will severely compromise the secular character of India and may result in large-scale communal violence and even civil war. This is something which India can hardly afford to do.

But in spite of formidable obstacles, India and Pakistan will have to find a common basis for dealing with each other. As countries possessing nuclear weapons, it is their duty to their peoples and to the international community to prevent at all costs a nuclear war between them or a conventional war which may slide into a nuclear conflagration. They must, therefore, start discussing military and other confidence-building measures as soon as possible. The two countries are also incurring very heavy costs by not resolving such other issues as Siachen, maritime border demarcation, river water development etc. The costs of non-cooperation in the economic and commercial fields are also very high.

## **Multilateral Economic Cooperation**

India has tried to respond to the emergence of mega-groupings in the world, like NAFTA, EU and APEC, by trying to associate itself in some form or the other with these groupings or by strengthening the existing framework of association. A few years ago, India signed a new agreement with the European Union. Its applications for membership of, or closer association with APEC and ASEAN are pending. Of course, it is unrealistic for India to expect to become a full-fledged member of such geographically contiguous groupings as ASEAN and EU. Nevertheless, it is useful to seek other forms of association with them because it will enable India to take advantage of cooperation in non-trade areas which are of great importance.

Membership or association with various regional groupings is going to depend very much on India's ability to maintain and enhance the dynamism of its economy. If the Indian economy reverts to a low-growth path, it will be perceived as a drag on and not a worthy partner of these regional groupings. APEC is an example of open regionalism. India's ability to join or otherwise take advantage of cooperation under APEC will depend entirely on its ability to further open up its market.

For India and other South Asian countries, there is in fact no substitute to a South Asian Association for Regional Cooperation (SAARC) that rapidly moves towards a free trade area and eventually to an economic union. SAARC alone can help in harnessing the complementaries within the region in a coordinated manner. SAARC alone can significantly enhance the South Asian countries' bargaining power in global economic negotiations. And SAARC alone can prevent the member countries from being marginalized in the world trading system. However, prospect for SAARC will remain blighted as long as Pakistan remains a member. For Pakistan is under a self-created political compulsion not to allow any movement in SAARC which will bring its economy closer to that of India. Therefore, the next best course of action for India is to take initiatives to conclude bilateral free trade agreements with each of the other member countries. A welcome movement in this direction was the conclusion of a free trade agreement with Sri Lanka towards the end of 1998.

There are also good prospects in South Asia for cooperation based on a growth triangle or quadrangle approach. This is basically a project-based approach which bypasses the problems of the harmonization of macro-economic policies of the member states or of non-convergence of political perceptions. A proposal for a growth quadrangle between Bangladesh, Bhutan, Nepal and the North-Eastern part of India has been under consideration for some time, but it has not reached even the stage of the identification of projects. Finally, there is a proposal to start a new grouping called BIMSTEC (Bangladesh, India, Myanmar, Sri Lanka and Thailand Economic Cooperation grouping). It is still mainly in the form of an idea with no indication of its scope, institutional framework or approach to cooperation.

### **Nuclear Disarmament**

India decided to go in for a nuclear deterrent after more than 50 years of agonizing and after all attempts at guaranteeing its security by other means, particularly through nuclear disarmament, had failed. Since 1954, when the then Indian Prime Minister Jawaharlal Nehru proposed the banning of nuclear weapon tests, India has taken a series of initiatives for achieving nuclear disarmament. Its last move in this direction was to submit to the Third Session of the U.N. General Assembly Devoted to Disarmament, Rajiv Gandhi's Action Plan for the elimination of nuclear weapons in three stages by the year 2012. Unfortunately, this initiative did not elicit a positive response from the nuclear weapon powers. By that time, there was increasing evidence that Pakistan had already started assembling nuclear devices. This left India no choice but to have its own nuclear deterrent. According to the Prime Minister, this deterrent will be only for self-defence. It would not involve India in a nuclear arms race and it would be based on the principle of no-first-use against nuclear weapon powers and no-use under any circumstances against non-nuclear-weapon states. This implies that tactical weapons, which are weapons of first strike, should have no place in India's nuclear deterrent. It is also reasonable to expect that since India perceives nuclear threat to its security as coming mainly from Pakistan and

China, it would not need to go in for strategic weapons of an inter-continental range.

India is fully aware that the mere acquisition of a nuclear deterrent would not substantially enhance its status and bargaining position in the world. For this, it would have to combine the military power derived from nuclear weapons with a sustained economic dynamism. As a responsible nation with a great deal at stake in world peace and stability, India is very keen to join the mainstream of the international security and disarmament dialogue. In fact, today India is the only nuclear weapon power which is prepared to put all its nuclear weapons at the negotiating table. The Pokharan-II tests have placed India in a better position to play a constructive role in the field of both non-proliferation and nuclear disarmament. As it does not require to carry out further tests in order to build its minimum nuclear deterrent, India should be able to sign the Comprehensive Test Ban Treaty (CTBT) with certain safeguards which other countries would also be seeking. For its minimum defensive nuclear deterrent, India has no reason to accumulate huge amounts of weapon-grade fissile material. The country is, therefore, also in a position to participate seriously in the negotiations for concluding a Fissile Material Cut-off Treaty (FMCT).

### **India and the United Nations**

Unfortunately, since the early 1980s, the major powers have been engaged – and by now they have eminently succeeded – in whittling down the role of the United Nations. In the name of reforms, the U.N. has been downsized and its functions diluted and eroded beyond recognition. It is being kept on the verge of bankruptcy by deliberate non-payment of dues by the United States. All proposals to put its finances on an automatic predictable basis have been summarily rejected by the major powers. The U.N. is now prevented from carrying out its legitimate functions – accorded to it by the Charter – in the economic field. These functions have been transferred to the IMF, the World Bank and the WTO. The U.N. is now marginalized even in its peace-keeping role. Major powers are bypassing it, taking punitive actions against other states without U.N. authorization.

It should be India's endeavor to prevent this dangerous drift. After the end of the Cold War, the international system should be based on a democratic and dynamic multilateralism underpinning

by the United Nations. India should play a proactive role in strengthening the United Nations and restoring to it the functions of its Charter. One of the highest priority is the democratization of U.N. decision-making. Security Council membership should be expanded. In this case, India would have a legitimate claim to be one of the new permanent members, because it has a population of close to a billion people, it is the world's largest democracy and it has always played a prominent role in the United Nations.

### The Future of the Non-Aligned Movement

The end of the Cold War has not invalidated the *raison d'être* of the Non-Aligned Movement (NAM). Much of its old agenda, like disarmament and development, still remains valid. Besides, there are new dangers – even more pernicious and far-reaching. These include interventions in the domestic affairs of nations on so-called humanitarian grounds, which are determined not by the United Nations but arbitrarily by the major powers, and the escalating intrusion in the sovereign economic space of developing countries in the name of globalization and liberalization. There is also an urgent need on the part of developing countries to counter the wave of neo-protectionism, which takes the form of linking trade with labor or environmental standards. India, therefore, should continue to use the NAM forum for pursuing this agenda.

NAM has lost a great deal of its effectiveness because its members have become much more vulnerable after the twin crises of debt and development of the early 1980s. This situation is unlikely to change in the near future. India should, therefore, take NAM for what it is worth – still a handy and essential means for serving some of the most important ends of its foreign policy. The same is true, though in varying degrees, of the Group of 77 (G-77) and the Group of 15 (G-15). G-77 is in greater disarray than NAM because of the erosion of the U.N.'s economic functions, within

the framework of which it has been functioning. Besides, G-77 does not get the infusion of political will which NAM is still able to manage through its Summit conferences.

India took the initiative at the Belgrade NAM Summit in 1989 for setting up the G-15 so as to enable a group of politically and economically significant developing countries to hold regular consultations, coordinate positions on global issues at the highest level and to promote economic and technical cooperation. The idea was also to see G-15 develop as a dialogue partner of the G-7. Even though G-15 has not fulfilled this promise India should work to maintain and strengthen it.

### Accelerating Economic Growth

Economic development was an integral part of the aspirations behind the independence movement of India. Those who fought for political freedom for India always associated it with economic freedom. In the »constructive program« launched by Mahatma Gandhi as part of the freedom movement, removal of poverty and discrimination, uplift of the deprived and marginalized sections of the population, economic self-reliance and mass mobilization for constructive work were regarded as means for attaining the goal of Swaraj (self-governance).

The development strategy which was adopted by independent India emphasized self-reliance and gave priority to rapid industrialization. It was expected that industrialization would create large-scale employment, which eventually would reduce poverty. Until then, the problem of poverty would be tackled by direct programs of poverty alleviation. Stress was laid on agricultural development, but in terms of allocation of resources during the early years, agriculture did not get the importance it deserved. Until the early 1970s, when the Green Revolution demonstrated the possibility of increasing agricultural productivity, the agricultural development policy continued to remain ad hoc and piecemeal. The planners did not fully recognize the interdependence between industry and agriculture. As a consequence, industrialization itself suffered.

The emphasis in industrialization was on heavy and capital goods industries and on import sub-

stitution. For that purpose, a highly restrictive import policy was followed. Foreign competition was by and large kept out of the market. No culture of competition and competitiveness emerged. As a consequence, inefficiency and rent-seeking abounded and reduced the rate of industrial growth.

An important feature of the Indian development strategy was the extraordinary importance attached to the public sector which was to occupy the commanding heights of the economy. Many industries that could have been easily left to the private sector were brought under state control. At that time, this kind of socialism suited Indian light industries. They benefitted from public expenditure in infrastructure and heavy industry and from the expansion of the supply of necessary inputs. Import restriction at first also suited the private sector because its infant industries needed protection. However, as protectionism persisted, these industries became perpetual infants.

In its socialist model, the government did not make any real attempt to redistribute income and wealth. The land reform program was not implemented except in one or two states. The egalitarian approach of Indian socialism was mainly reflected in the programs of poverty alleviation which on the one hand were geared to employment generation and asset creation for the self-employed, and on the other to schemes of health care, nutrition, primary education and housing.

There was also an emphasis on achieving development by mobilising domestic resources rather than relying on foreign aid, which never exceeded 10% of a project's total resources. Reliance on foreign aid was considered as compromising the country's ability to assert its sovereignty in international affairs. The way Western countries let India down in moments of economic crises, e.g. President Johnson's refusal to release food-grains after the severe drought of 1965–66, provided additional justification for this policy of self-reliance. Whether this policy carried economic costs in terms of reduced prospects for growth is debatable.

India's development strategy had some very impressive achievements to its credit during the first two decades, when it was pursued single-mindedly. The nation was able to build a highly diversified industrial and technological base. Indi-

genous capacity to manufacture capital and defense goods was created. A nation-wide chain of scientific and industrial research institutions was established. There was rapid growth of medical, engineering and technical institutions and universities. This enabled India to emerge as a country with one of the largest pools of skilled manpower in the world. This was also the time when important investments were made in the agricultural field. As a result, food production generally kept pace with population growth. Later on, in the wake of the Green Revolution, India became self-reliant in food production. Nonetheless, the share of agriculture in GNP declined from 57% in 1951 to 33% in 1995. However, agriculture still provides employment to 65% of the labor force.

Altogether, the growth rates of the economy fell short of the planners' targets. In fact, until 1980, the Indian economy grew very slowly as compared with the growth rates of several other developing countries. The average yearly growth rates were 4.1% in the 1950s, 3.8% in the 1960s and 3.3% in the 1970s. In the meantime population growth continued unabated. Moreover, there was a steady decline in productivity, mainly because internal and external competition were restricted. India's share in world exports declined from 2% in 1950 to 0.4% in 1980.

In the 1980s, an attempt was made to open the Indian economy. There was considerable deregulation. However, trade policy remained more or less unchanged. As a result of internal liberalization, the Indian economy was able for the first time after independence to break loose from the shackles of slow growth. During the 1980s, GNP grew by 5.6% yearly. The percentage of the population below the poverty line came down from above fifty to thirty.

However, the success was achieved through fiscal profligacy and resort to large-scale borrowing – both domestic and external. Until 1980, the successive governments had managed to keep the fiscal account in reasonable balance. But in the 1980s the gross fiscal deficit of the Central Government increased from 6.2% of GDP to 8.3%. The external debt doubled during the decade and the debt service ratio rose from 13.6% in 1984–85 to 30.9% in 1989–90.

Starting in 1990, after an acute foreign reserve crisis, a decisive and full-fledged departure was made from the earlier development strategy. Deregula-

gulation injected a substantial measure of domestic competition into the industrial sector. Wide-ranging tax reforms were carried out, with a broad reduction of direct taxes and a refinement and simplification of the excise regime. Import tariffs were systematically reduced. Their import-weighted average declined from 87% in 1990 to 27% in 1995–96. Further reductions are scheduled. Quantitative import restrictions were removed for all intermediate and capital goods. For other imports they are to be removed by 2001. The foreign investment regime was liberalized. Foreign investment is now allowed in virtually every sector of the economy. Majority foreign investment is allowed in most industries; and 100% foreign investment is allowed in export-oriented units, electronics, some infra-structure sectors and technology parks.

The new economic policy put India on a higher growth path. After the inevitable contraction of growth in the first year when heavy retrenchment was made in public expenditure in order to move towards fiscal balance, the economy picked up momentum and during the next three years recorded growth rates of more than 7%. Exports grew with double-digit figures during 1991–96 and helped to increase foreign exchange reserves to 34 billion dollars by the end of 1999. Domestic savings increased from 23% of GDP to 26% during the period 1991–96. And inflation has been under control, hovering between 3 and 7 percent.

In the last few years, foreign portfolio investments in India averaged between three and four billion dollars. Though still very low as compared to the inflow of foreign capital into China and East Asian countries, this is a big improvement over the earlier trend when such investments used to be a mere trickle. The government's target is to start attracting foreign investment to the tune of ten billion dollar per annum.

For the last three years, there has been a feeling that the liberalization process has slowed down. The much awaited reform of the financial sector has been kept pending. The record on privatization of public sector units has not been too encouraging either. Very few public sector units have so far been divested, more with an eye to get hold of resources to reduce the fiscal deficit rather than to make industries more competitive. But by far the most disturbing feature of the economy is the persistence of fiscal imbalance and the lack of

reform on the expenditure side of the budget. At first, there were some cuts in subsidies, but on the whole there has not been much progress in reducing public expenditure. By 1995–96, interest payment accounted to a third of total government expenditure. Thus, reduction of the fiscal deficit is one of the most important tasks ahead. However it is a very difficult task, as the lack of fiscal discipline is largely the effect of serious governance shortcomings.

There is a broad consensus in the country that liberalization should be pursued further. However, in a country like India, with its huge backlog of poverty and unemployment, regional and inter-class disparities and a large marginalized population sector, the state will continue to play a very important role in the management of social and economic imbalances. Moreover, unlike some of the Latin American and the South-East Asian countries, India is not going to surrender its options of macro-economic policy-making. It will continue to pursue self-reliance in the critical sectors of the economy. In the process, it may sacrifice some growth. But it can make sure that the growth that does take place brings benefits to all the sections of the population and is based on firmer foundations, and that the economy is resilient enough to withstand external pressure and turmoils originating from outside sources.

## Lagging Social Development

Like the economy, the social scene in India has been marked by some high features of achievements and low depths of retreat from the ideals which the nation set before itself. The difference in the social sector is that the lower depths eclipse the high features and the future prospects are not very bright.

India's tragedy is the breach of the social contract embodied in the Constitution. A yawning gap between legal and formal equality on the one hand and widening real inequalities and disparities on the other is staring at the face of the nation today. On the traditional structure of inequality between men and women, upper and lower castes and urban and rural population, is superimposed a new divide between those who have benefited from the lop-sided development process and those

who have been left behind and marginalized by this process. The target groups of social integration policy (Scheduled Castes and Scheduled Tribes) experienced considerable improvement in their educational and cultural, but not their economic situation.

### **Discrimination of Women**

There can be no true social development unless women become equal and active participants in the development process. Unfortunately, in India discrimination against women has been formalized through a plethora of customs, norms and practices to protect a highly resilient patriarchal system. Until 1975, the emphasis was on legislative measures to confer rights to women. But they remained ineffective as they were not extended to all communities, most women remained unaware of their new rights, and the infrastructure and social milieu to enforce them were not created. The vast majority of women also remained untouched by efforts to provide them access to education and professional services. In fact, in the area of education inequality widened. Nothing was done to attack patriarchy. The process of economic and political transformation in fact strengthened and reinforced it. The continuing discrimination against women was reflected in the declining share of women in the population.

After 1975, the women's movement experienced considerable development. It became active in different arenas of India's complex social system and in the domains of politics and culture, extending its agenda beyond its original limited focus on education, health and employment.

### **Children: High Mortality, Forced Labor**

The situation of children in India is not a good reflection on Indian society. The mortality rate of children under five years – even though it has declined substantially – is higher in India than in most Third World countries. Female child mortality exceeds male child mortality. Access of girls to basic health care, education and nutrition is much less than that of boys. Child labor is widespread and many children are bonded. A large

number of bonded children and those under other forms of forced labor are subjected to torture and other abuses.

### **Highly Deficient Social Services**

The Indian government is constitutionally obliged to provide the minimum necessary services in the areas of education, health and housing. But in each of them it is still far from meeting its obligation to the people. In spite of remarkable achievements in the fields of education and health, India's position is extremely poor as compared with other Third World countries. Per-capita expenditure on health, education and housing in India is one of the lowest in the world and is going down in real terms. High school enrollment rates are marred by equally high drop-out rates. Almost half of the Indian population is still illiterate; India harbors the largest mass of illiterate population in the world. The rural female illiteracy ratio is even close to 70 %. However, a sample survey taken a couple of years ago shows that since the 1991 census the literacy rate has climbed up by about 10 % in the country as a whole.

The conditions of drinking water supply, drainage, sewerage and garbage disposal, are abysmally poor all over the country. Large parts of urban conglomerates have been converted into slums. Epidemics like plague, cholera, tuberculosis, malaria and kalazar have returned or become more widespread. They are posing a serious problem.

### **Food Security: a Success Story**

India has no doubt been successful in preventing starvation deaths, a phenomenon which frequently visited the Indian population during the colonial era. Domestic production of food-grains and other necessities have recorded an impressive increase and near self-sufficiency has been reached in food production. The real prices of food-grains have remained stable mainly on account of state intervention. The Integrated Rural Development Program and poverty alleviation programs have helped increase the real incomes of poor households and given them productive assets. The public distribution system, in spite of all its short-

comings, has enhanced the food security of a large number of poor and middle-class families. However, all these achievements were not sufficient to eliminate large-scale poverty in India.

### **Stable Democracy Under Increasing Strain**

The two biggest achievements of India soon after independence were the recovery from the trauma of the partition and the integration of the Princely States. The partition was followed by the largest movement of refugees in human history. It goes to the credit of the then Government of India to have sheltered and eventually rehabilitated some 20 million refugees from Pakistan. Similarly, the merger into the Indian Union of some 600 Princely States which were given the freedom to join either India or Pakistan or even declare independence was a remarkable display of vision, foresight and negotiating skill of the Indian leadership of the time.

### **The Democratic Miracle**

However, the most remarkable achievement of India in the political field has been its 52 year old democracy. To have run the largest democracy in the world, in a society that is linguistically, culturally, religiously and ethnically the most heterogeneous and complex one in the world, is a real tribute to the genius of the Indian people. Democracy in India has stood the test of time and is going to endure. The Indian electorate (in 1999: 600 million) has cast its votes well and wisely, even though almost half of it is illiterate. The governments of the day have not, with a few odd exceptions, been able to influence election outcomes by using state power. They have more often been defeated than returned back to power.

Democracy has brought about significant changes in the social structure and, in the process, has also been responsible for maintaining social cohesion and national unity. But for democracy, India would have disintegrated long time ago. And by far the most effective remedy for some of the acute current societal problems lies in more democracy.

The democratic process has brought about a shift of political power from the middle and higher castes and classes of urban society to backward

classes who are now the politically most influential ones in the country. They have won reservations for themselves in legislatures and government services as were accorded to the Scheduled Castes and Scheduled Tribes after independence through Constitutional provisions. Indeed, there are few examples in recent history of such a conspicuous shift of political power, involving such a huge mass of population, taking place in such a short period of time almost without any violence and in a democratic way. This is one more example of the miracles that democracy can create.

### **The Unfinished Task of Devolution**

Indian federalism was, from the very beginning, tilted towards a strong central government. The fathers of the Indian Constitution had deliberately gone about establishing a unitary form of government within the framework of a federal structure. With the passage of time, the federal character of the state got further diluted, with the Central Government acquiring more and more power. The accentuation of regional disparities and inter-personal and inter-class/community inequalities during the process of development, among others, gave rise to demands for decentralization and self-governance. These were viewed by the ruling elite at the Center as disruptive and met by a further strengthening of the central power structure. This process took the most rampant form during the time of Mrs. Indira Gandhi. The result was the weakening or paralysis of a whole set of institutions in the country which were intended to hold the balance between the Center and the State Governments.

As a reaction to this drift towards centralization, demands have been raised for restoring the balance struck in the Constitution, for greater devolution of functions, and particularly of finances, to the states, for the creation of new states, and for devolution at the grass-roots level. Among these, the demand for the creation of new states may respond to aspirations of ethnic identity, but not to the need for further devolution. What is needed is the devolution of much greater authority and power to the existing federating units or the states. In addition, in order to safeguard the integrity of the Union, it may become necessary to

concede far-reaching measures of autonomy to certain states, particularly the state of Jammu and Kashmir and some of the North-Eastern states. The argument that nothing by way of greater devolution can be conceded to one state without conceding the same to the other states has no legal validity and, if accepted, can engulf the Union in much deeper crisis. If India is to avoid the fate of some erstwhile federal states (USSR, Yugoslavia), it is essential to grant far-reaching and variable degrees of autonomy to different states.

In fact, insurgency has been going on for several years in the North-Eastern states. And the state of Jammu and Kashmir has been under the grip of cross-border terrorism and militant violence and destruction for well over a decade. This is already undermining the unity and integrity of the nation.

The best unit of devolution is the village. This is where decentralization can really be put to work and make a difference in the development process. A major step in this direction was taken with the passage in the Indian Parliament of the 73rd and 74th Amendments to the Constitution. They made regular elections to village Panchayats and municipal civic bodies mandatory. Besides, they gave them extensive powers of taxation and administration. These amendments have, in fact, created a third tier of democracy in India.

But unfortunately, the Panchayat Raj system has not gathered the momentum it should have. The elections to the Panchayats were unduly delayed by several states. In one state, they have still not taken place. There has been very little devolution of finances to the local level. The entire set of legislations, rules and regulations which are weighed heavily in favor of the Union and the states are yet to be revamped. Besides, the huge task of training thousands of local-level leaders who are to contest for elections to the local bodies, is yet to be accomplished.

### **The Threat of Hindu Communalism**

The Constitutional provisions on the protection of minorities have been observed more in breach than compliance. The beginning of the 1980s can very well be regarded as the end of the brief era of secularism in Indian history as it was shaped by the

leaders of the nation's modern renaissance. There is no sign of any determined and viable effort to resurrect the secularist movement. Instead, there is an ongoing drift towards Hindu communalism.

During the 1980s, Hindu communalism acquired altogether new dimensions. Communal riots became more frequent, better planned and more violent. Not principles but political expediency dictated the policies of major political parties on communal issues. In an effort to woo alternately the Hindu and the Muslim votes, the ruling Congress Party made a series of concessions to communal elements. This process culminated in the demolition of the Babri Masjid when the Government decided to remain a silent spectator. A spate of communal riots followed this shameful incident.

The communal situation in the country has undergone a qualitative change after the Ayodhya incident. A feeling of mistrust and fear has spread among the more than 100 million Indian Muslim. This is a standing threat to national cohesion and unity. Political parties have staged a cosy retreat to a business-as-usual stance and the Government has not made any worthwhile effort to win back the confidence of the Muslim minority. In the meantime, there have also been several well-planned and orchestrated attacks on the places of worships and dwellings of the Christian minority.

### **Corruption and Lawlessness**

The biggest failure of India as an independent nation has been in the realm of governance. There is an all-round decline of values, a pervasive loss of accountability and unfettered opportunity to criminals. Corruption is rampant both in high places – Ministers and senior bureaucrats – and at lower level. This has distorted democracy and is proving a drag on the process of development. The rule of law in the country is in a dire state. Political patronage has eroded rules and regulation. Those with power and their clientele prosper, and the ordinary citizens, particularly the poor and marginalized, suffer. It has become extremely difficult for ordinary citizens to claim their normal entitlement of wages, allowances and public services. The connection between politicians and criminals has been documented in government reports.

## **Uncertain Prospects**

It is extremely difficult on the basis of the above survey to predict the prospects for India for the early 21st century. A linear projection of the positive trends recently witnessed under some indicators, particularly the growth in GNP, exports and the literacy rate, would show India in the next twenty years as one of the four economically most powerful nations in the world, scoring high also on several social indicators.

However taking into account the all-pervasive failure on the social front and the sad state of governance, it is very difficult to subscribe to such an optimistic view of India's prospects. One should rather expect that in a situation of large-scale poverty and social deprivation the free play of market forces will bring more misery and accentuate inequalities. It is unrealistic to believe that the Indian economy will be pulled up by the purchasing power of the middle class. Firstly, the size of this middle class, which is estimated to be 300 million, is often exaggerated and so is their purchasing power. Secondly, the demands of the remaining 700 million people, most of whom are deprived, would drain out the resources of the economy, making it very difficult to sustain or expand production to meet the demands of the middle class. In a democracy, there are limits to the extent that 700 million people can be ignored.

The success of any development strategy depends upon the fulfillment of minimum social conditions. Among them are near universal literacy and access of all citizens to basic health services. The earlier Nehru-Mahalanobis strategy of development failed because it was not able to create these minimum social conditions. In their absence, the present development strategy based on the free play of market forces, is also likely to come a cropper. Experience in other parts of the world has shown that free-market reforms have yielded the desired results only in countries where these social conditions were created before the launching of economic reforms.

So, over the next ten to twenty years, the Indian economy and society are likely to continue on their unpredictable path, surprising the world with spectacular performances in some sectors and during some years and disappointing it with failure to achieve even the minimum standards under cer-

tain indicators. It is to be expected that the social fabric of the nation will come under greater strain and its national unity under greater threat. The only chance for India to emerge as a leading nation in the world is the arrival on the scene of another savior like Mahatma Gandhi and of the kind of leadership that India was blessed with during the time of the freedom movement. ◀