GUIDELINES FOR SUBMISSION OF MANUSCRIPTS

Original papers that fall within the scope of the Journal shall be submitted by e-mail. An Abstract of the article in about 150 words must accompany the papers. The length of research papers shall be between 5000 and 7000 words. However, short notes, perspectives and lengthy papers will be published if the contents could justify.

Notes should be placed at the end of the text and their location in the text marked by superscript Arabic Numerals. References should be cited within the text in parenthesis.

Example : (Sen 2003:190)

Bibliography should be placed at the end of the text and must be complete in all respects. Examples:


All articles are, as a rule, referred to experts in the subjects concerned. Those recommended by the referees alone will be published in the Journal after appropriate editing. No article shall be sent for publication in the Journal if it is currently being reviewed by any other Journal or press or if it has already been published or will be published elsewhere.

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# CONTENTS

## ARTICLES

<table>
<thead>
<tr>
<th>Title</th>
<th>Author(s)</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madrasa Policy in Pakistan: Strategies from Within</td>
<td>Sanchita Bhattacharya</td>
<td>177</td>
</tr>
<tr>
<td>Employee Attrition Management in I. T. Industry in South Asia: Some Evidences from India and Pakistan</td>
<td>M Basheer Ahmed Khan</td>
<td>195</td>
</tr>
<tr>
<td>India's Trade Relationship with the Burgeoning Economies of South East Asia</td>
<td>M Banumathi</td>
<td>204</td>
</tr>
<tr>
<td>Urbanization in South Asia with Special Reference to Bangalore – Its Impacts</td>
<td>Priya Narayanan</td>
<td>216</td>
</tr>
<tr>
<td>Artistic Freedom of Expression versus Communitarian Sentiments - A Case Study</td>
<td>Binu Zachariah</td>
<td>228</td>
</tr>
<tr>
<td>Rajbanshis: The Deprived People of North Bengal (In the State of West Bengal)</td>
<td>Moumita Ghosh Bhattacharyya</td>
<td>242</td>
</tr>
<tr>
<td>A Time Like No Other: An Analysis of the Political Economies of Eastern Europe since 1989</td>
<td>Joel R. Campbell</td>
<td>278</td>
</tr>
<tr>
<td>The Indian Response to the Global Financial Crisis</td>
<td>Sumanjeet Singh</td>
<td>302</td>
</tr>
<tr>
<td>Global Economic Crisis and the Implications for South Asia</td>
<td>K Venugopal Reddy</td>
<td>334</td>
</tr>
<tr>
<td>‘The Hungry Tide’: Rise in Sea Levels in the Sundarbans Due to Global Warming-Induced Climate Change</td>
<td>Debabrata Ghosh</td>
<td>346</td>
</tr>
<tr>
<td>Culture as a Preferred Strategic Choice for Asian Countries: An International Business Approach</td>
<td>R Shanthakumari and A Somalingam</td>
<td>357</td>
</tr>
<tr>
<td>Ethnicity and Ethnic Policies in Pakistan and Myanmar</td>
<td>T T Haokip</td>
<td>367</td>
</tr>
<tr>
<td>Between Wisdom and Knowledge: The Politics of Creativity in a Post-Communist World : Tilo Schabert's 'Boston Politics' Today</td>
<td>András Lánczi</td>
<td>382</td>
</tr>
<tr>
<td>Displaced People and their Issues of Human Rights</td>
<td>Somenath Bhattacharjee</td>
<td>399</td>
</tr>
<tr>
<td>Dealing with Terrorism in South Asia: The Case of India</td>
<td>Pradeep Kumar Parida</td>
<td>411</td>
</tr>
<tr>
<td>Accelerating Growth through Inorganic Means: Lessons from the Asian Region</td>
<td>Surinder Pal Singh</td>
<td>427</td>
</tr>
<tr>
<td>Changing the World Order: India, EU and US – A Triologue</td>
<td>Swati Bhattacharya</td>
<td>432</td>
</tr>
</tbody>
</table>

## RESEARCH NOTE

<table>
<thead>
<tr>
<th>Title</th>
<th>Author(s)</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture as a Preferred Strategic Choice for Asian Countries: An International Business Approach</td>
<td>R Shanthakumari and A Somalingam</td>
<td>357</td>
</tr>
</tbody>
</table>

## BOOK REVIEW

<table>
<thead>
<tr>
<th>Title</th>
<th>Author(s)</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changing the World Order: India, EU and US – A Triologue</td>
<td>Swati Bhattacharya</td>
<td>432</td>
</tr>
</tbody>
</table>
Madrasa Policy in Pakistan: Strategies from Within

Sanchita Bhattacharya

Abstract

In the context of present volatile political condition of Pakistan, it can very well be said that, the state has been crumbling over a period of time. Important and serious steps toward survival of democracy are very essential in Pakistan. And at the same time, Madrasas should be given priority regarding any resource allocation programme. The stress should be on implementation and not documentation of reports. Generally, the efforts of Government have been restricted to the policy formulation part. Once the measures are documented in government offices, no further effort is being made. Channelisation of allocated resources and proper monitoring posts in interior regions of the country are required. And at the same time, along with these, the Government should organize public awareness programmes at various levels regarding the benefits of remodelled Madrasa educational pattern.

In the history of human civilization, the importance of Madrasa education has not been a recent socio-political discourse. Madrasa education remains a core agenda of the Islamic world. Interpretation of this form of education and its reforms are essentially multifaceted in character. However, the focal theme of this system of education has differed from time to time, which caused the present system of Madrasa education lose its originality in its entirety. The purpose of this paper is to highlight the Madrasa policy as formulated by various regimes of Pakistan since Ayub Khan’s ascendency in late 1950s.

Status of Islam in Pakistan

Islam, is the cause behind the formation of Pakistan as an independent sovereign state. It has acted as a driving force which resulted into Pakistan on 14 August, 1947. Muslims were a minority of 19 per cent of the population in British India in 1947 (Qureshi 2005: 87). The fear of majority Hindu domination was the main factor behind the Pakistan movement. Surprisingly enough, Pakistan is the only state which came into being on the basis of Islam. It was considered to be the homeland for Muslims of undivided India who could face discrimination in the hands of Hindu majority. The concept of Pakistan worked like an inspiration for the Muslims, it was like a promise that they made to themselves. So in a way Pakistan and Islam became synonyms to each other. The status of Islam in Pakistan has always been a prime subject matter of Pakistan, and in order to proof not only an independent but strong existence in comparison to a secular India, Pakistan has always used Islam as a safety blanket or as a shelter.

As projected to be the homeland for the Muslims of the region, Islam accordingly played an important role in the politics of the state. The story of Pakistan politics since its inception is one of a blatant pursuit of political self-interests by Pakistani ruling elites disguised in terms of religious discourse. The strategy of the governing classes (over the years) was to proclaim Pakistan an ideological state based on Islam and not a democracy (Ahmad 2000: 168-169).

Pakistan as a state is not homogenous in nature. Although the lone feature of Pakistan is Islam, but there are regional as well as cultural variations in the country. The ethnic diversities of the country comprises of Punjabis, Sindhis, Balochs, Tribes of the NWFP, Mohajirs and other tribal minorities. Due to the so-called Punjabi domination, there is a constant tussle in Pakistan’s political as well as economic sectors. The state has to face the challenge of ethnic disparity along with religious fundamentalism. The image of Pakistan over the years has become synonymous with Islamic radicalism.

Therefore, in order to answer a simple question – what is the nature of state in Pakistan, one can easily say that it is an Islamic state with severe ethno-cultural disparities.

Islamisation, therefore, has become more or less synonymous with the politics of Pakistan. The quest for regime survival in Pakistan is based on the important pillar of Islam. All the regimes have incorporated their own colour and characteristic to the process of Islamisation. Therefore, religious obsession in place of devotion and dedication is the guiding star of Pakistani politics. Its been more than sixty years, and fortunately or unfortunately enough, Pakistan is still struggling with its religious identity. It did not achieve the matured stage, where all-round development and improvisation of a country is more essential than its religious commitment. The correlation between Islamisation and Madarsa education lies in the fact that they complement as well as supplement each other. Islamisation can be considered one of the reasons behind the proliferation of the Madarsas in Pakistan. But at the same time, Madarsa as an independent unit adds to the progression of Islamisation through its products and followers. The process of Madrasa policies, devised by different regimes of Pakistan are as follows:

The Ayub Regime: Madrasa Policy Begins its Journey

In 1952, there was a review of the situation of education in Pakistan and a National Plan for Educational Development was devised. Accordingly, the following years saw the emergence of report of the Sharif Commission based on the suggestions of
several international conferences and seminars. The recommendations of the Sharif Commission report of 1959 became the basis of Pakistan’s educational system in the following decade. The Report of the Commission on National Education, 1959 (hereafter Sharif report) was a detailed and comprehensive report, which can be considered the Magna Carta of Pakistan’s educational system (Saigol 2007: 285-286). The Commission’s report was adopted as the National Education Policy. The New Education Policy (1969) aimed at minimizing the wide gap between the traditional Madrasa system and the general system of education (Commission on Human Rights 2006).

The first regime which tried to integrate the Madrasa was the military regime of Ayub Khan. The regime was modernist, authoritarian and centrist. Pakistan did not inherit most of the better-known Madrasas which had been active in the colonial period and many of which have continued in existence in post-independent India. Therefore, the Madrasa structure in Pakistan was started from the scratch without any religio-historical lineage. No doubt it was Islam which gave birth to Pakistan. The importance of religious education is therefore obvious in such a nation (Zaman 1999: 310-311).

In its bid to contain and co-opt the clergy, the Ayub Government first attempted to regulate auqaf property i.e. non-transferable religious endowments. Almost all Madrasas were dependent on this income to meet expenses. An Auqaf Department was created to regulate shrines and Madrasas and bring religious institutions under state control by integrating them in the formal sector (Malik 1996 as quoted in ICG Report 2002: 6). By 1959 four wafaya- or federations of Madrasas were organized, along sectarian lines, to defend themselves against the state’s attempts to trespass on their autonomy (ICG Asia Report 2002: 6).

Given the bleak situation of education in the country, Madrasas have had an increasingly important role to play in the sector. During the subsequent years, the government supported the establishment of new Madrasas, envisioning mosques as valuable players in its campaign for universal literacy. As custodians of tradition and religious knowledge, Islamic schools cater to the underprivileged, the marginalised and the extremely poor and operated as a crucial social protection system. In some rural areas, they represented the only form of education available. The government’s decision to mainstream Madrasas through the newly established Pakistan Madrasa Education Board as a means of improving educational standards and stemming the spread of radical militant movements had generated much controversy during Ayub’s tenure (Shaikh 2006: 9). After Ayub Khan, Yahya Khan became the Head of State of Pakistan. During his tenure, he was so much involved in domestic politics with reference to the then Eastern part of Pakistan and its overall ramification followed by a regional war between India and Pakistan. As a result he became ignorant about the prevailing Madrasa policies as initiated by his predecessor.

The Bhutto Period: Era of Madrasa Co-Option

Education in Pakistan became increasingly ideological with time. Successive governments used it for their own ends. While Islam and supposedly Islamic virtues of obedience and docility were constantly taught to the lower classes, the powerful classes provided their own offspring with a more modern, secular and democratic ideology to prepare them to take powerful positions in the social hierarchy (Ali 1992: 121). During Zulfikar Ali Bhutto’s tenure, educational policy (of which Madrasa policy is a part), planning, curricula and syllabi, centres of excellence and Islamic education were placed on the concurrent legislative list (shared legislative powers between national and provincial assemblies), as a measure of an effective decentralisation of the sector (Commission on Human Rights 2006).

The era of Bhutto experienced a leap in number of Madrasas in various regions of Pakistan. “The Bhutto period (1972-77) is significant in the story of Madrasas. Because of Ayub’s anti-clergy posture and stress on modern education, Madrasas had grown minimally from 1960 to 1971, when only 482 new ones were set up. The pace picked up under Bhutto, and 852 were added by 1979” (Government of Pakistan 1979 as quoted in ICG Asia Report 2002: 7). Bhutto nationalised the education sector but the Madrasas were exempted and remained autonomous. He also attempted to co-opt the Madrasas by offering to grant them the equivalence of public sector certificates and diplomas. The highest degree of the Deobandi wafay was placed on a par with a Master’s degree in Islamic Studies from a government university, provided Madrasa students passed a Bachelor’s level English course. Although Madrasa clerics spurned the proposal, Bhutto continued to woo them (ICG Asia Report 2002: 7). The PPP government concluded agreements with Arab countries, most importantly Saudi Arabia, for promotion of Arabic language and Islamic literature in Pakistan. As a result, the Madrasa policy got entangled with the international aspirations of Bhutto.

The Zia Regime: Process of Madrasa Intensification

After Bhutto, Zia-ul-Haq became Pakistan’s Head of State. During his tenure, General Zia played a substantial part in encouraging the Madrasa explosion. In doing so, he won over the country’s powerful Muslim clergy. The process also involved reforming the legal system to establish Sharia-based courts (Kfir 2006: 78). During the 1980s, however, the Madrasa system underwent a complete change. The Zia regime in Pakistan, in an attempt to gain support from the religious groups, began to administer a formalised zakat (Islamic religious tithe) process. Money was now automatically deducted from bank balances and dispersed at the local level to institutions deemed worthy of support by religious leaders, creating new incentives for opening religious schools (Singer 2001: 1).

Zia-ul-Haq’s Islamisation agenda changed the milieu in favour of the religious elite. Madrasa degrees were given equivalence to MA Arabic and MA Islamiat (Bano 2007: 50). In this regard, the Directive Principles of State Policy deserve special mention. The “Directive Principles of State Policy”, a part of three successive constitutions of Pakistan, speaks of making the teaching of the Qur’an compulsory for the Muslims and of providing facilities whereby they may be enabled to understand the meaning of the Qur’an. After Ayub Khan, Yahya Khan became the Head of State of Pakistan. During his tenure, General Zia played a substantial part in encouraging the Madrasa explosion. In doing so, he won over the country’s powerful Muslim clergy. The process also involved reforming the legal system to establish Sharia-based courts (Kfir 2006: 78). During the 1980s, however, the Madrasa system underwent a complete change. The Zia regime in Pakistan, in an attempt to gain support from the religious groups, began to administer a formalised zakat (Islamic religious tithe) process. Money was now automatically deducted from bank balances and dispersed at the local level to institutions deemed worthy of support by religious leaders, creating new incentives for opening religious schools (Singer 2001: 1).
**Qur’an and the sunna.** These and some other “Islamic provisions” of the three successive constitutions of Pakistan may be taken to represent the points of compromise between the traditionalists and the modernists (Jawed 1999: 68).

Under Zia, the activities involving Deeni Madrasas (DM) increased in their effectiveness, reflecting the importance of religious schools in society and the role they were to play for the Zia Government. On 2 September, 1978, the Ministry of Religious Affairs got informed about Zia’s plan of surveying the DM.

“...a Team or Sub-Committee should proceed to Sargodha and prepare a report, in the next three weeks, on Deeni Madrassas currently established there. This report will be prototype of the principle one which is to be compiled on a nation-wide basis” (File no. S 11/1/CMLA 1978 as quoted in Malik 1996: 130).

This survey resulted into the Sargodha Report. It gives a short historical introduction which is followed by a description of the DM system in Sargodha. The DM education is subdivided into the following three phases:

- **Preparatory stage**: 3 years
- **Intermediate stage**: 2-3 years
- **Final stage**: 4 years

**Education** was free of charge and the prospects of securing jobs made the DM an attractive centre of socialisation. Through their different curricula, knowledge in a number of areas was transmitted to the students. The income of the DM came from following sources:

- **alms**;
- **collections during Muslim festivals**, such as ‘id;
- **income from the properties** (shops, houses, agriculture land, endowments); and

The above listing was followed by a number of proposals about how to improve the finances of the DM, and their curricula. In order to overcome the limitations of the DM, suggestions were made for change of curriculum along with the introduction of science and technology. Thus, an integration of the DM students into the formal system of education could be ensured. The first step would be to establish an All Pakistan Education Advisory Board in order to report on the DM (Sargodha Report 1978: pp.18f as quoted in Malik 1996: 131). The report served as a model for the survey of 1979. It is necessary to discuss it here, as it reveals which areas were of special interest to the Central Government. It is preceded by the chronological presentation of the development within the Ministry of Religious Affairs concerning the DM in order to give an insight into the administration and the events concerning the projected study (Malik 1996: 131).

Before establishing a committee which was to lead the investigations in the DM, Zia asked the Ministry of Religious Affairs on December 6, 1978 to report on the Itthad al-Madaris. It was the awareness of Zia regarding the need for the reformation of DM, which raised the demand of an alternative programme following the National Survey of 1979. The National Committee for Dini Madarais, established in Islamabad on January 17, 1979, was to draw up proposals with reference to the Sargodha Report. Sixteen of the 27 members of the committee were nominated by the Ministry of Religious Affairs (Ministry of Religious Affairs 1978 as quoted in Malik 1996: 133). Of them, eleven were theologians or scholars of religious affairs, with eight of them bearing the title of mawlama and being chairmen of Madaris in urban centres of Punjab. Others included vice-chancellors of different universities, some members were from Ministry of Religious Affairs and Ministry of Education, the Government also nominated some members as well. The committee thus had strong representation from the Government and the ‘ulama’ (15 mawlwans) and therefore was considered a legitimate body whose proposals would be accepted both by clergy and Government. The members of this committee eventually became a source of legitimating the government policies (Malik 1996: 132-133).

A national survey was conducted under Zia regime, and the report of the committee (The Halepota Report) proposed improving the economic condition of Madrasas and modernizing them with the aim of eventually integrating the religious and the formal education sectors while “conserving the autonomy of Madarasas” (Ibid. 139). Other than upgrading education to bring it at par with the formal sector and creating jobs for Madrasa graduates, Halepota’s suggestions for improving economic conditions of Madrasas included direct government financial assistance without conditions. The recommended curriculum changes did not alter the domination of religious subjects but only suggested inclusion of some modern subjects at the primary, secondary and graduation levels. The committee’s recommendations could not become law because of clergy opposition. Still, Zia implemented much of the Halepota Report and also took other steps to co-opt the Madrasas. The government directed the University Grants Commission (UGC), in June 1980, to draw up criteria of equivalence for degrees and certificates from the religious sector. The highest certificates of wafqu boards were conditionally recognized as an MA in Arabic or Islamiyat. Since these concessions were made without a corresponding change in the structure and system of Madrasas, they boosted the sector and encouraged its growth across the country (ICG Asia Report 2002: 10-11).

Among other things Zia-ul-Haq used the mosques to spread literacy. In 1984-85 the Iqra Centres were launched by the Literacy and Mass Education Campaign (LAMEC). These centres, established in mosques and Madrasas, were to teach Urdu. The teacher was supposed to be an alim or his delegate (Rahman 1998: 204). He ‘would have to know Islamic injunctions and act accordingly’ (Government of Pakistan Report 1962, as quoted in Malik 1996:274).

Alterations introduced in the Madrassa education were a component of the larger drive
for Islamisation of the entire education pattern under the Zia government. Stress to an even greater extent was on the desire to bring education into closer conformity with Islam. In doing so, education was affected in five ways. The first was in the area of curriculum. There were now required courses in religion (Islamiyat) from primary through college and university. Also, other curricula were “revised”, along with textbooks, to bring them into conformity with Islam. The second area was female education. The third was a proposal to add Arabic, the language of the Quran, to the required curriculum. The fourth was Islamisation of knowledge. The fifth was a broad category encompassing an attempt to define behavior that is or is not Islamic (Hayes 1984: 99).

The events that caused intense Islamisation of Pakistan polity and society, and as a matter of fact altered the Madrasa structure, can also be traced to the exterior reaches of Pakistan. This program somehow got coupled with the Iranian Revolution, the Iran-Iraq war, and the Soviet invasion of Afghanistan also provided an impetus to Islamize the country. This called for a physical integration of the Madrasas into the public sector, in the hopes of creating stronger links between the ‘ulema’ and the Zia regime. The curriculum was reworked by a ‘National Committee for Dini Madaris’ (NCDM) in 1979. A policy known as the ‘Itthad al Madaris’ served to co-opt the diverse ideologies into a singular force under the regime’s umbrella cum pocketbook. The ulema leaders and students brought under Zia’s influence produced an army of loyalists. The number of Madrasa students and Madrasas themselves grew exponentially. While in 1974, they comprised 18 per cent of all registered educational institutions, by 1983 over 40 per cent were Madrasas — 70 per cent in the front line North West Frontier Province. The expansion of madarasas graduates conveniently created for Zia a lower class labour force, which, given few other economic opportunities, would readily fight in Afghanistan and implement his domestic divide and rule policies (Ziad 2004).

The Civilian Rule: Status Quo in its Entirety

After Zia, Pakistan regained its democratic structure with the arrival of Benazir government and restoration of democracy was once again exhibited in the social fabric of Pakistan in 1988. During this democratic phase, the two major political parties, the Pakistan Muslim League and the Pakistan Peoples Party, ruled alternatively – twice each – until the 1999 military coup of General Pervez Musharraf. The two had different levels of commitment to the Islamization process initiated by Zia-ul-Haq, and hence held different perspectives on the role and utility of doctrinal contents in curricula.

In 1988, the military handed power to civilians after a decade of direct rule. Until his ascendancy, the Government faced a strange problem of projecting Pakistan as a modern state, devoid of any religious fundamentalism and extremism in front of the West. Accordingly, it embarked on the Education Sector Reform Action Plan. The administration supported the establishment of the National Commission for Human Development (NCHD) which took over responsibility for education (ibid 2006). Special attention was paid within key policy formulations, particularly the Education Sector Reforms (ESR) for the reformation of Madrasas in order to evolve an integrated system of national education by bringing Deeni Madaris and modern schools closer to each other in curriculum and the contents of education. The Musharraf Government represented the first policy attempt by the to regulate madarasa, it was the most controversial one, particularly due to US financial support for the initiative which was seen to be driving the entire endeavor (Shaikh 2006: 10-11). Also among the stated ESR goals was bringing the Madrasa curriculum into the mainstream of Pakistan’s general education system through the inclusion of “secular” subjects such as science (Kronstadt 2004: 3).

In the past, Madrasas were registered under The Societies Act of 1860, a law predating independence for registering nongovernmental organizations. With US $255 million earmarked for a five-year reform program expected to reach 8000 Madrasas, the initiative was an ambitious one and since 2001, several government regulations were enacted to control religious extremism in Madrasas. However, rhetoric was not backed with comparable action and resistance to reform was widespread. Hiccups in implementation can be attributed to a wide range of factors. While many factors have influenced the lack of success in the reform process, differences between the education, religious affairs and interior ministries over the handling of Madrasas, the government’s reluctance to offend religious political parties and US support and funding for the reform, however implicit in nature, have much to do with it (Shaikh 2006: 13).

In June 2000, the Pakistani government tried to register every Madrasa. The government’s new licensing scheme similarly required that the school’s curriculum include modern disciplines, that they disclose
sources of funding, get permission to enroll foreign students, and stop sending their students to militant training camps. Only 4350, about one tenth, agreed to be registered and the rest simply ignored the statute. There was no incentive to register and no punishment if one did not (Singer 2001: 7). In August 2001, the Islamabad government created a Pakistan Madrasa Education Board (PMEB) to establish a network of “model Madrasas” and regulate others (Kronstadt 2004: 3). The issue of Madrasa reform is not at all new. However, September 11 sped up the Madrasa reform process by introducing massive US aid. More specifically, the lion’s share of the $300 million a year of US aid for education goes to registered Madrasas. However, some Madrasas resist registration in favour of more autonomy. After the 9/11 Commission Report, the US government made reform a top priority, and this centred on three key elements: funding, curriculum change and teacher training (Mullick and Ruhe 2008).

The PMEB’s mandate is to establish model Madrasas and to regulate and approve conditions of existing seminaries on the recommendations of its Academic Council. The PMEB may also grant affiliations to existing Madrasas in the private sector. This affiliation did not require registration but was instead an effort to encourage Madrasas to provide both religious and secular education. The PMEB’s only significant achievement had been the establishment of three model Madrasas, one each in Karachi and Sukkur in Sindh province and in the federal capital, Islamabad. With roughly 300 students enrolled to date, these religious schools teach simplified and modified versions of the standard Madrasa course, the Dars-e-Nizami, along with subjects such as mathematics, general science, computers, and English language (ICG Asia Report 2004: 5-6).

In 2002, General Musharraf’s government in Pakistan promised to reform Madrasas by cracking down on ones that preached violence, pushing the remaining ones towards moderation and integrating them into the public school system. Musharraf announced an initiative, the Deeni Madaris Ordinance (Voluntary Registration and Regulation) of 2002. The reforms included:

- A five year, $1 billion plan introduced in 2003 aimed at including modern, secular subjects such as mathematics on syllabi and bringing Madrasas under the scrutiny of the Education Ministry (Peri 2004: 90-91).
- A 2002 law requiring Madrasas to audit their funding and foreign students to register with the government. The number of foreign religious students had dropped since then from thousands to hundreds as the government at that time issued and renewed fewer visas to religious students (Ibid 91).
- Establishing model Madrasas that would provide modern, useful education without promoting extremism (Ibid: 91).

Through the “Voluntary Registration and Regulation Ordinance 2002,” the government promised funding of Madrasas that were formally registered with the government. In a more controversial step, the Pakistani government demanded that Madrasas expel all foreign students by December 31, 2005. Islamist groups vehemently resisted the government’s efforts, however, and authorities backed down and made public statements indicating that they would not use force or shut down noncompliant madrasas to enforce the directives (Blanchard 2006 as quoted in Curtis 2007: 5).

It is difficult to assess the positive impact, if any, of Pakistan’s own reforms because the program implemented in 2002 called for voluntary submission to regulations, leaving countless Madrasas that chose not to comply. The clergy in Pakistan vehemently opposed government regulation for fear of “secularization” of their schools. Even those who agree that Madrasas need reform were extremely reluctant to introduce secular ideas into their curricula (Peri 2004: 92). Musharraf consulted a number of mullahs who agreed that Madrasas need reform were called for voluntary submission to regulations, leaving countless Madrasas that chose not to comply. The clergy in Pakistan vehemently opposed government regulation for fear of “secularization” of their schools. Even those who agree that Madrasas need reform were extremely reluctant to introduce secular ideas into their curricula (Peri 2004: 92). Musharraf consulted a number of mullahs who agreed that Madrasas need reform were extremely reluctant to introduce secular ideas into their curricula (Peri 2004: 92). Musharraf consulted a number of mullahs who agree that Madrasas need reform were extremely reluctant to introduce secular ideas into their curricula (Peri 2004: 92).

As part of its reform program, which included increasing the education budget, the government proposed new legislation regarding the listing of Madrasas and school prayer. The decision to expel foreign students was a positive development and an indication of Pakistani attempts to change its reputation as the home of the Islamic radicalism; however, the attempts at reform have drawn substantial criticism from the religious Muttahida Majlis-e-Amal (MMA). Maulana Fazlur Rehman of the MMA, who also served as the opposition leader, described the move as an attack on “one of the main pillars of Islam.” Moreover, it became clear that the battle over educational reform would continue (Kfir 2006: 78).

A Madaris Reform Project (MRP) was launched and an amount of Rs. 225 million was accordingly allocated in the Public Sector Development Programme (PSPD) 2002-2003 for this purpose. Regarding the project, the then Federal Education Minister, Zubaida Jalal commented “The project will establish and strengthen lines of communication between Madaris and the government. It will also educate 1.5 million students, both male and female, and will enable them to continue their studies in colleges and universities” (Sareen 2005: 50).

The main objective of the reforms was to introduce formal subjects (which have otherwise been considered as non-religious subjects) such as English, Mathematics, Pakistan Studies, Social Studies and General Science at the primary and secondary levels. At the intermediate level, English, Economics, Pakistan Studies and Computer Science were to be taught. The Government also planned to fund the salaries of the teachers to be appointed to teach non-religious subjects. A salary of Rs. 4000 would be given to teachers for teaching formal subjects at the secondary level and Rs. 10,000 at the intermediate level. The Government also wanted to update the syllabus of the Madrasas, supposedly 250 years old (Ibid: 50-51).
Many concur that Pakistan could not simply live up to its promises to monitor Madrasas and introduce secular subjects into the curricula, while shoring up the national public education system. The ICG’s (International Crisis Group) South Asian director, Samina Ahmed, argued on this issue, that Musharraf’s government continued to receive billions in aid money from the United States while having little to show for it. Most Madrasas remained unregulated, a national curriculum was not developed, and the government did not stop the abuses of Madrasas and their most extremist leaders. Only three model Madrasas exist with 300 students, while 1.5 million children still attend unregulated Madrasas. Further, very little has been done to crack down on the financing of Madrasas (Peri 2004: 92). The repercussions of Musharraf’s inability or unwillingness to enforce any substantive, meaningful change in the archaic but widespread system of religious education would be grave (Mushtaq 2007: 1).

Until January 2004, the Ministry of Religious Affairs blamed the lack of progress on a Madrasa regulatory bill on infighting between the government and the opposition. Since the new Musharraf government took power, there has been a total deadlock over the Legal Framework Order (LFO). There was only bickering in the parliament (ICG Asia Report 2004: 6-7). In its first Annual report October 2002, the PMEB noted: “Misunderstandings about the objectives of the Board have resulted in non-cooperation of the heads of Madrasas” (Government of Pakistan 2002 as quoted in ICG Asia Report 2004: 7).

In January 2004, the government announced a package of Rs.5.7 billion (U.S. $100million) for Madrasa reforms, primarily to introduce secular subjects without making it conditional on registration, standardization of the curricula or oversight over financial flows. Responding to the offer, the five madarsa boards rejected any change in curricula but called for additional government support in the form of free electricity, gas and telephone facilities (ICG Asia Report 2004: 9).

According to the then Federal Education Minister Zubaida Jalal, the government would spend Rs. 1.82 billion (U.S. $204million) over the next five years to reform the Madrasa sector. At that time, Ms. Jalal said that 16,000 teachers were to be appointed in 4,000 Madrasas to teach non-religious subjects at the primary level, and 12,000 at the secondary level. The Madrasa Reform Project followed the government’s Education Policy guidelines that guaranteed Pakistani citizens their constitutional right to education and training, and to evolve an integrated system of national education by narrowing the gap between the curricula of madrasas and modern schools (Ibid: 8).

Five years after its inception, the Madrasa Reform Project had been an unambiguous failure. While there was far too much resistance at the ground level, ambivalence and a reluctance to implement the reforms dominated the state’s agencies and initiatives. This was best demonstrated in Sindh Province and its capital, Karachi. After three years of efforts by the Sindh Education Department to help “mainstream” the province’s Madrasas by including secular education in them, Islamabad asked provincial education authorities in mid-2006 to return more than $100 million in unspent Federal money.

The Project did not have any significant impact since most Madrasas refused to take the Government’s help (Lakshman 2007: 2).

Following the London blast (7/7/2005), the Pakistani Government took some steps to control the Madrasa education pattern. The steps are as follows:

(i) No Pakistani be permitted to operate any Deeni Madrasa in a foreign country. All such Madrasa be closed within two months (Sadiq 2005: 2).

(ii) No foreign student be permitted to study in Pakistani Madrasas in the future. No foreigner be allowed an entry into the Madrasa unless he had Government approval for such visit (Ibid: 2).

(iii) Sanads issued to Alims be temporarily annulled. The holders of these Sanads should appear in respective Universities, Boards to clear their exams. Appropriate certificate, degree will be issued to those who pass (Ibid: 2).

(iv) The curriculum of Madrasas be brought in line with the curriculum being followed by the boards, universities as such. Those who pass will be given appropriate degree/certificate (Ibid: 2).


(vi) The Ministry of Education would monitor all Madrasas with regard to administration, technical functions. The EDO (Executive District Officer- Education) at the District level was to control all Madrasas in his District. (Ibid: 2).

(vii) Accounts of these Madrasas were to be audited by Provincial Audit Department every year and report submitted to the Minister of Education (Ibid: 2).

(viii) Functioning of these Madrasa would be watched by the Local Government agencies. Madrasas were not to publish any material that whips up religious sentiments of the public or the students (Ibid: 2).

Pakistani officials insisted that President Musharraf was serious in his aims to bring Madrasa curriculum closer in substance to that provided in non-religious schools, with the long-term goal being a curriculum that was nearly identical. In Pakistan, the issue of government and/or foreign interference in the operations of Madrasas has been an extremely sensitive one, in part due to perception that the Pakistani government, at the alleged direction of the U.S. government, is seeking to interfere with religion (Kronstadt 2004: 5). There had been repeated attempts by various governments to unify the syllabi and curricula of religious education, but these could not succeed because, firstly, the Madrasas regard all such attempts as interference by the government in religious matters; secondly, most of them insist that by introducing modern sciences the religious character of these Madrasas would be eliminated. The government of Pakistan could not unify the syllabus of religious education for the Sunnis and the Shi’ites in the regular schools directly.
controlled by the government. Consequently, the students become sensitized to their religious denomination quite early in their education (Masud 2002: 240). Furthermore, the Pakistani ministries of Education and Religious Affairs worked with the Commission on Higher Education in 2006 to compile a White Paper focusing on a national-curriculum and teacher-training programme promoting pluralism and patriotism within a framework of Islamic values for both public and private schools. For example, the mission statement declared that it is “the aim of the state of Pakistan to provide equal and ample opportunity to all its citizens ... preparing him/her for life, livelihood and nation-building”. The government had also instituted registration, albeit voluntary, to monitor the Madrasas. Inducements come in the form of school supplies — computers, books and more (Mullick and Ruhe 2008).

In Pakistan, the quality of education in general, is also on decline, in spite of the developmental steps taken by the Government. It becomes vital that the country should have a coherent education policy with a modern secular super-structure.

A Pragmatic Assessment

In case of Pakistan, religion is the most important prop of every Government, whether civilian or military. The leaders have used religion to unify the more or less diverse provinces of the country. Interestingly enough, apart from the religious factor there is no similarity in the Pakistan state. The Madrasa is nothing but an outlet through which Islam has been percolated into the social stratum of Pakistan.

The Bhutto period experienced two facets of Madrasa policy. The first being, domestic sector, where Madrasas were not only exempted from the tide of the famous Nationalisation process but at the same time the Madrasa degrees were given equivalence with mainstream degrees. Secondly, in the international segment, agreements with Arab countries caused exhilarated Islamisation having intense consequence on the Madrasa education.

If we examine the Zia Period then it becomes very apparent, that at every step while following the Madrasa policy, the religious sentiments were taken into account. The ulema were constantly consulted, as Zia could not afford to disregard their presence. These ulema in turn became the inseparable part of policy making procedure. The madrasas became a kind of “survival kit” for Zia and his Regime.

The analysis of Civilian Rule in Pakistan (1988-1999), states that no path breaking improvement occurred in the Madrasa sector. Both Benazir and Nawaz Sharif were too busy in establishing a rapport with both military and the religious faction, that none could afford to take any drastic measures. The perennial tragedy of Pakistan is the dominance of religion over reason. If a government wants to be in power, it has to make compromise with the aspect of religion.

In case of Musharraf, it can be said that, the event of 9/11 did put tremendous pressure to remodel and reform the Madrasa structure (at least in papers). Post 9/11, Pakistan became a frontline nation for America’s ‘War Against Terror’ and as a result Musharraf Government had no other option but to follow reform strategies for the Madrasas. Several reform policies include: Education Sector Reform (ESR), Voluntary Registration Regulation or the Deeni Madaris Ordinance, Madaris Reform Project etc. Interestingly enough the Musharraf Government formulated Madrasa policies on an annual basis. Since 2000, there have been efforts for improvisation with the coming of every year. This is a unique trend of military regime. The effort to include secular subjects in the curriculum, restricting the flow of foreign students, introducing computer training and laboratory oriented subjects, stress on the need for English as a medium of instruction etc, shows Government’s overt interest in reforming the system. But at the same time, no one can deny the existence of a strong religio-fundamentalist section in Pakistani politics, which is very much eager to Islamize the entire state.

Therefore, the chronological study of the Madrasa policies provides a multidimensional aspect to the Institutional and Governmental initiatives. There is a direct co-relation between intensification of Islamisation and proliferation of Madrasas. The focal thrust of majority of policies however kept on changing from spread and proliferation of Madrasas (during Bhutto and Zia) to their modernisation and diversification (as prescribed by Musharraf Government). However, the official policies are compartmentalizing Madrasas and not trying to assimilate them into the mainstream educational structure. The Governmental plan regarding Madrasa education can be divided into two phases: Pre 9/11 and Post 9/11. In the first phase, there was dominance of orthodox approach while dealing with the Madrasas. Right from the time of Ayub Khan to the Civilian Governments of 1990s, the Government was busy in intensification and spread of Madrasas, considering it to be a component of the political propaganda, i.e. “Islam under danger or threat”. The effort was to make the common population religiously conscious and devoted towards Islam and political application of it as well.

But, the scenario changed drastically (as very well understood) Post 9/11. Pakistan becoming the frontline state had its bearing on the Madrasa policy. And for the first time, the policies vis-à-vis Madrasas were reform oriented rather than Islam-centric. The measures, Post 9/11 were in the direction of positive state interference with introduction of state controlled Madrasas and regulatory bodies.

Pakistan, as a state lacks stability in its domestic politics. The international and interior dynamics of the country are extremely unstable and as a result, like all other aspects, Madrasa policy went through self-contradictory phases. On one hand, there was a blind period of Islamisation in the Madrasa structure and on the other, the ongoing decade saw high dose of liberal ideas being forcefully injected into the religious institution.

Majority of the Government reform policies are associated with the aspect of International Terrorism and its alleged link with the madarsas. But strangely enough, if we (hypothetically) side line this situation, then what will be the driving force behind Madrasa reform? Unfortunately, the answer will be negative. This shows ‘lack of commitment’ from the part of Pakistan as a state towards the betterment and welfare of its citizens. What
is necessary is a change within the thinking pattern of the policy makers. It is high time; they should look into the matter more pragmatically and come up with innovative and feasible solutions for the Madrasa reform strategy.

Conclusion

Madrasa is one of the oldest surviving institutions of human history. Unfortunately, its popularity level is diminishing and in the recent past it has become the face of evil in International politics. But, the original character of Madrasa education was all encompassing. It was a school for enlightenment and not ignorance. However, over the ages, Madrasa lost the secular nature and imbibed the role of a religious educational institution. There is nothing wrong or offensive in the overall structure of Madrasa. It just needs better equipments to deal with the fast changing world of the 21st century.

The most pertinent question in front of Government establishment of Pakistan is preservation and side by side remodeling of the Madrasas. The idea of Madrasa abolition is not appreciable. On the contrary, there is a dire need of revamping the system. Being an Islamic state, Pakistan cannot afford to do without Madrasa education. Therefore, coherent educational policy demands better allocation of resources and inclusion of secular subjects in the Madrasas, by which the poor section of the society can also afford good education.

One of the major problems of Pakistan is the huge gap between ‘haves’ and ‘have nots’. The people with better educational outlet are gaining all the advantages; and on the other hand, the less fortunate ones are struggling with ignorance. Along with the Madrasa reform policy, the Government should also formulate coherent education policies. In the first place, if there are good secular schools with proper geographical distribution, the need of Madrasa education will be minimised. In that case, Madrasas will only cater to those who are seriously into religious study. The rest (who go to madarsa only because they have no other option) will definitely decide on for secular schooling, given an option.

In a better perspective, the Madrasas can be very well used by Government establishments as a tool to spread religious as well as western education to the masses. Accordingly, such a strategy can result into balancing of religious and secular issues. But, as discussed above, neither the military, nor the civilian Government is concerned about common people (a typical feature of Third world country). Therefore, Madrasas are only considered as religious institutions suited for the less-fortunate section of Pakistani society, deprived from modern education.

In the context of present volatile political condition of Pakistan, it can very well be said that, the state has been crumbling over a period of time. Important and serious steps toward survival of democracy are very essential in Pakistan. And at the same time, Madrasas should be given priority regarding any resource allocation programme. The stress should be on implementation and not documentation of reports. Generally, the efforts of Government have been restricted to the policy formulation part. Once the measures are documented in government offices, no further effort is being made. Channelisation of allocated resource and proper monitoring posts in interior regions of the country are required. And at the same time, along with these, the Government should organize public awareness programmes at various levels regarding the benefits of remodeled Madrasa educational pattern.

It can be said that “hope” will be the only word to describe the Madrasa strategy in Pakistan. Otherwise, negative connotation can never help the state to cross the hurdle of Islamic fundamentalism along with popular ignorance. We can only hope that the present Government will take serious measures to modify and transform the age-old character of Madrasa, as an educational institution.

Notes

1. These are: the Wafaq al-Madaris al-Arba’I (Sunnī Deobandi); Tanzim al-Madaris al-Arba’I (Sunnī Bareli); Wafaq al-Madaris al-Shia (Shia); and Wafaq al-Madaris Al-Salafiya (Ashī-Hadith Salafiya). Almost 95 per cent of officially registered Pakistani Madrasas are affiliated with these four wafaqs. The Jamaat-e-Islami created the Rabita al-Madaris, the fifth union of Madrasas, in the late 1970s.


3. After Pakistan was established, the ulama tried to form an umbrella organization, but the Ittihad al-Madaris did not achieve any influence and infact now ceased to exist (Malik 1996: 132).

4. The committee comprised representatives of the religious elite, intellectuals as well as representatives of the state.

5. Named after its Chairman, Dr. A. W. Hafez, an educator who had also been associated with Ayub Khan’s commission for Madrasa reform in the 1960s.

6. The government agreed to allocate 2.73 percent of Pakistan’s GDP to education in 2005-2006, with Education Minister Javed Ashraf Qazi placing substantial emphasis on primary education. “4 percent of GDP will be reserved for education in next budget.” Daily Times, December 31, 2005.

References


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Employee Attrition Management in I. T. Industry in South Asia: Some Evidences from India and Pakistan

M Basheer Ahmed Khan

Abstract
Employee attrition has a major cost in industry in every country of the world. Various strategies are used to retain employees in industry the world over to reduce the Financial and non-financial costs. South Asia has countries which have some common heritage and their struggle for economic development centers around several strategies they use including the strategies for employee management. The unity in diversity is perceptible among the different countries like India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan and Afghanistan which belong to the SAARC grouping. Among these countries, India and Pakistan to a great extent and Sri Lanka to a lesser extent have industrial development worth considering and a review of the practices of human resources management in these countries are of interest. The evidences available from studies using secondary data of employee attrition management can be seen from a common perspective to gain insights about the application of scientific theories of human resources management in the context of South Asia in general and India and Pakistan in particular.

Introduction
Employee attrition is an issue of significant concern to all organizations. Employee attrition has come as a major challenge for the organizations ever since the large scale operations of the information technology industry the world over have become dominant and impacting the economic growth of the organizations. Though employee turn over would appear to be not of great impact on the argument that employee who leaves one organization contributes to the economy through another organization, in practice it does affect the economy substantially in many ways. It directly affects the organization in operation in terms of reducing productivity, reducing profits through delays in projects, and high costs in training and development of new employees. It also affects the economy indirectly by plan changes of the affected organization, reduction in efficiency and other unseen factors. The advantage obtained by the organization which utilizes the services of the turned – over employees can not consolidate into additional advantage to the economy as a whole because the loss suffered by the organizations whose employees left them will be greater than the gain of the organizations receiving them, as there would require some cycling time as well for these turned over employees to contribute to the newly wedded employers. This cost needs to be worked out to understand the over all loss of the economy.

The South Asian Industrial Background
In South Asia, the major industrially developed nations are India and Pakistan, followed by Bangladesh and Sri Lanka. According to FIEO, “despite all its natural and human resources, the SAARC grouping is one deficient in capital. Industrially too, it is only India which can be said to be an advanced nation in this region with Pakistan following at a distance. Most of the rest of the members have yet to cut their teeth industrially. Again, with the exception of India and to some extent Pakistan, the whole group is largely dependent on outside sources for its capital goods and technology” (FIEO News July 2009). However, within the SAARC grouping India is an industrial and software giant which can in a cooperative environment provide considerable help to the other countries in the grouping. Dasho Bap Kinga, Vice President, Bhutan Chamber of Commerce and Industry and BCCI’s SAARC Desk Chief, in an interview with Anitabha Sen, opined that “India being a Software giant can help Bhutan in terms of technical know-how, expatriate skills, etc. The main goal is the promotion of e- governance & promotion of private sector participation. BCCI’s suggestion to the Bhutanese government would be to build their human resource capacity. Fiscal concessions to this nascent sector could boost the growth of IT industry in Bhutan”.

Similarly, the software industry in Sri Lanka is still in its infancy. But the industry has shown highest growth rates in the last five years. The revenue earned by the software exports has grown to Rs.55 million in 2000 from almost a zero in 1996 (Channa 2006). The situation of IT industry in Bangla Desh is presented in a paper by Syed Munir Khasru. According to it, “Software is one of the most talked about but unexploited industries in Bangladesh. Last two decades have seen lot of initiatives, both in public and private sector, to stimulate growth in this sector. Although some successes have been achieved, Bangladesh lags far behind other South Asian countries like India and Sri Lanka in terms of employment and revenue generation in the software industry” (Khasru Nov-Dec 2006: 31-39). So far as Maldives is concerned, efforts are being made to evolve an IT infrastructure to help the Youth. As per the report of International Development Research Centre, a “ project to formulate the National IT Policy was a collaborative effort between UNDP Maldives and the National Centre for Information Technology of the Ministry of Transport and Communication. The project ran into delays due to the unavailability of local consultants to work on the project as well as the change in government structure in July 2005, which dissolved the former Ministry of Communication, Science and Technology and transferred the communications functions to the newly formed Ministry of Transport and Communication.” In Nepal also, the development of IT industry is not very significant. The situation of the IT industry in Nepal is narrated by Pradeep Chand. As per the report “Few years back, Information Technology industry was on a roll all over the
world. There was an insatiable demand for IT guys from many developed nations so it started a trend among Nepali students to pursue their career in the field of Information Technology. And, so as to meet their requirements, numerous colleges, providing various degrees in IT related courses, mushroomed out. BIM, BCA, BCIS, BCIT and many more were all the outcomes. But soon the global IT market saturated and the graduate IT students did not get as welcoming atmosphere as they had dreamt of. At present there are mainly two classes of IT jobs in Nepal - Software application development and web development. In respect of Software Application Development, besides few self-employed programmers, there are very few established software developing houses in Nepal. The market is extremely diminutive as well. IT has been best implemented only in the banking sector (specially in major ones like Standard Chartered, Nabil, Nepal Investment, Himalayan and Laxmi). There are only very few other production houses like Golchha that have good Information system. Government itself is lagging behind in the use of information technology. Departmental stores and travel agencies also contribute a small fraction to the demand of IT services. There not much of outsourced jobs available in this sector of IT in Nepal.

As there are more web related jobs (both internal and outsourced), web development appears to have the larger share. There are highly qualified programmers and designers in Nepal who are ready to grab projects at minimal pay rates. This is one of the main reasons that large volume of web related projects are dumped in Nepal from USA, UK, India and many other European countries. Usually, the developers do not directly get the outsourced jobs.” (Chand 2006).

Thus a review of the industrial sector in general and the IT industry in particular among the countries of the South Asia SAARC grouping gives the clear picture of the predominant position of India and the distant following by Pakistan. The rest of the grouping through a cooperative effort can help the entire region by maintaining the stability of the industry in the two countries which have advanced with the industrial infrastructure building in the software field. As human resources management is important in the stabilization and growth of industry in general and soft ware industry in particular, some evidences are gathered from the Employee Attrition Management in Industry in South Asia more specifically relating to India and Pakistan.

Some Past Research Work

As industrialization advances, and many new organizations emerge, there is a likelihood of high employee turn over. This is because, the new organizations will employ techniques to head hunt or body lift the employees of other already established organizations by offering career advancements and multiple job opportunities. This negative “Spill-over effect” of expanding industrial growth (Sahu and Gupta 1999) is experienced in all economies. That is why motivating the employees and managing attrition is of strategic importance to industries. Retaining productive and high performing employees committed to the organizations is of significant corporate strategic advantage. (Mark and Sockel 2001).

IT Industry in India

The Information technology industry in India is relatively new and is in its infant stage in spite of the leaps it made in the last one decade or so. Notwithstanding the size of the industry, the growth rate it achieved in the 90’s and the later decade has caught the global attention. According to the National Association of Software and Services Companies, the worth of the software industries catapulted to 5.7 billion US. The industry has seen a spurt in the domestic market as well as a steady growth in the export market. In the early 2000, the quinquennial compound annual growth rate of export earning from software industry was 62.3%, while that of the domestic revenue was 46.8% in rupee terms. Again according to NASSCOM statistics, 185 of the Fortune 500 companies outsourced their software requirements to India during 1999-2000. In spite of the narrowing wage gap between Indian software professionals and the professionals from the developed world, wage cost of software is one of the reasons for this growth. At the same time, Indian professionals have been performing well in the international competition. Indian policies have helped in creating a large pool of software professionals who are able to provide quality products at a relatively low cost. The national economic policies have also helped this growth. However, due to the international exchange rates and other economic factors, Indian software professionals provide a good 40% to 60% cost advantage for those organizations outsourcing their software needs to India.

IT Industry in Pakistan

Pakistan has not been as quick and as versatile in exploiting the global opportunities that cropped up during the same period. It in fact lagged far behind other countries in using information technology as a catalyst for its economic revival. Pakistan’s policies have not been conducive enough to become an effective information technology player though it too had the global scenario open to it. Some of the acute problems faced by Pakistan can be enumerated as massive brain drain, serious shortage of software developers and programmers in latest technologies, inability of Pakistani firms to tap and penetrate lucrative foreign markets to provide the IT industry with needed band-width and communication capabilities of international standard at competitive prices, lack of entrepreneurial skills and managerial know-how of IT professionals, lack of actual and practical government policies and support for the IT industry, serious problems in securing financing and credit, unwillingness of local business managers to pay appropriate prices for locally developed software, lack of incubation and start-up companies, low computerization of the government and its departments etc. The country is continuing to face these problems even now. As such the size/tturnover of the software segment of the industry is USS 25 million in the domestic segment and USS 15 million worth in export sector. The software segment of the IT industry has about 500 organizations. Most of these single proprietorships or companies with single person shows. There are also a few medium to large size organizations which are part of the other Pakistan business houses.

The software industry employs about 5,000 programmers/professionals. The industry is facing a serious shortage of quality technical
are the drive of IT usage due to globalization, government drive for documentation providing growth opportunities, entertainment potential of IT and the internet, relatively low development cost in Pakistan, consumer awareness and empowerment through IT and the internet.

To gain from these opportunities, the Pakistani government has to decide and implement the right course of action and continue with firm commitment to succeed in the global scenario. For all these, a commitment to human resource management becomes pivotal.

It can thus be seen that considering India and Pakistan as the only big players in the IT industry in South Asia, their situation of managing employee attrition is of significant interest. They need to not only retain their human assets within the country, but also strive to retain the assets within the organizations through appropriate policies of managing employee attrition.

Major Findings of Similarities and Differences in Indian and Pakistani Employee Attrition Issues

In the given competitive labour market environment all over the globe with more and more players entering the market which is open and encouraging, employee attrition has become a common feature. In India, the Chief Mentor of Infosys Technologies Ltd. remarked in 2005 that “with assets walk out of the door each evening. We have to make sure that they come back next morning”.

According to this study, the reasons for employees leaving the previous job are compensation, career development opportunities, job dissatisfaction, job itself, reputation of the company and other factors. For example, 50% of the employees left the previous job because of lower amount of money paid to them as compensation inclusive of healthcare benefits, allowances for conveyance etc. The inability to advance within the company due to lack of opportunities was considered as reason by 27.3%. Another 27.3% reported that the job was dissatisfying for them. For yet another 22%, there was a
Employee Attrition Management in I.T. Industry in South Asia

Bashier Ahmed Khan

Table 2: Reasons for Enabling the Employees to Stay on in the present Organization

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Description</th>
<th>Percentage of the firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction</td>
<td>Satisfaction perceived by an individual in his/her job</td>
<td>41.7</td>
</tr>
<tr>
<td>Career Development</td>
<td>The ability for one to advance with in the company, by availing opportunities</td>
<td>33</td>
</tr>
<tr>
<td>Opportunities</td>
<td>Security perceived by an employee in the present job, vis-à-vis the uncertainties in the job market</td>
<td>12.5</td>
</tr>
<tr>
<td>Job Security</td>
<td>Factors like training and development, challenging projects, good working conditions and lucrative compensation package.</td>
<td>12.5</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Prepared from the data reported by Ghosh et. Al. (2006), op. cit.

mismatch of the job profile and the employee profile. 22% judged their perception of the reputation of the company in the market as the cause of their exit. For another 9.1%, factors like lack of training and development, closure of the previous company have also led them to take up a new job.

The same study looked at the issue from another angle as well. The study instrument investigated as to what will enable employees to stay on. According to 41.7%, it is the satisfaction perceived by the individual in the job that glued him to the job and the company. For 33% of the employees, career development opportunities in terms of their possibility to move up in the career ladder are a reason that will tie them up with the company. 12.5% employees were concerned about the job security and if an organization can provide job security, the employees will stick on in the present company itself. For another group of 12.5%, factors like training and development, challenging projects, good working conditions and lucrative compensation packages are important for their remaining in an organization.

In the case of Pakistan, different evidences are available. In a study of “A Framework to Identify the “Motivational factors” of Employee: A Case Study of Pakistan IT Industry” (Bhatti, Ahsan and Sajid 2008) the question of what motivates the employees in IT industry was investigated. The study operationalized the conceptual models of motivation theories and empirical primary data was collected. With data collected on larger number of factors that motivate employees, it was found that 92.10% get motivated by availability of perks like car, lap top, medical allowance etc. For 86.84%, good salary package is required and 8.94% expect a good increment policy. A high professional environment is the motivator for 73.68%. Good attitude of boss/seniors influences 71.05%. Foreign training is expected by 71.05%. Good career path is the motivator for another 71.05%. Availability of policies like health life insurance are expected by 65.78%. Over all good appraisal system is the requirement of 65.78%. Job security motivates 63.15%. Good position/designation in office motivates another 63.15%. Strongly jelled team is the motivator for 60.52% and empowerment is expected by 57.89%. This study is interesting in that it works out the scores of the motivational factors, motivational variance and motivational frequency and correlations among them are worked out. The study also concludes that Imperative Motivational factors Framework (IMFF) can be applied in any country and in any industry, more so the IT industry.

Conclusion

It is always better that an organization endeavors to reduce the attrition of its employees to the extent possible by adopting appropriate strategies. In the South Asian context, the economic development of all the countries is a challenge as all of them are still developing nations with different levels and rates of development. Among them India and Pakistan have greater opportunities given their strengths in the IT industry of these countries. IT industry is a nascent industry in all these countries, but both India and Pakistan have the possibilities to achieve greater growth due to their domestic and export requirements and human resources potential. The 5 Ps of Human resources Management are pay, perks, promotion, position and power. Perhaps one more can be added as perpetuity in employment. The employees of the IT sector in both the countries aspire for these through the expression of their specific motivators as to what will retain them in an organization. Most of the motivators are within the gamut of these 6Ps of personnel management. The Human Resources Management specialists should realize this and advise the organizations to have their HR policies designed around these aspects, whether in India or in Pakistan. The secondary data collected and presented here can be brought under the human resource management dimensions and knitted together as a common possibility in the South Asia context. More over, in a globalized environment, human aspirations and requirements are expected to reach an area of commonality in spite of cultural differences. Human resources experts need to weave a policy that will help the organizations and their employees to pull together to gain in the world of competition and opportunities. Human resources management is a challenge in both the countries and identification of specific factors that motivate and enable retention will help the HR managers to pay attention to these. Managing Employee Attrition is a challenge during all business cycles. Evidences on the identified factors that retain and motivate employees and designing appropriate human resources management policies will help the organizations to perform effectively and contribute to the economic development of the individual nations and through that the entire region which is essential for the regional stability.

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India's Trade Relationship with the Bureaucrizing Economies of South East Asia

M Banumathi

Abstract

In order to reduce India's over dependence on the European and American markets and to take advantage of the surging economies of many of the East Asian Countries, the Government of India formulated the Look East Policy in the year 1991. A historical review: The United Kingdom accounted for a lion's share of India's foreign trade in the pre-independence period. A policy of market diversification was thereafter adopted, with gratifying results. Considerable trade developed with the other West European countries and the USA, substantially reducing the level of India's dependence on the UK. A special trading arrangement was concluded with the erstwhile USSR which took the position of number one trade partner of India in the 1980s. In all this development, South East Asia was left untouched. The astounding economic growth achieved in the 1970's and 1980's by the South East Asian countries did not make much difference to India's export trade. Developing strong trade relationship with the bureaucrizing economies of this region was desirable not only from the economic point of view, but also from the political. In a paper under the captioned title, it is proposed to make a critical evaluation of the results achieved so far and also to outline the future prospects.

Introduction

India's foreign trade took a westward orientation during the colonial period. The British rulers looked at India, as indeed at all their colonies, as a source of raw materials for the growing industries in their country and as a captive market for their manufactured products. Things started changing after independence. Diversification of trade and also significant changes in the commodity composition of trade started taking place. The UK, which accounted for the bulk of its trade before independence, today accounts for no more than 5% of India’s exports and 4% of its imports. Trade is spread over a large number of countries, with no country accounting for more than 18% share. Likewise, dramatic changes have taken place in the commodity composition of the country's trade. At the time of independence, roughly 75% of the country's exports consisted of agricultural commodities and industrial raw materials but today manufactured goods account for nearly 80% of its exports.

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References


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203

Employee Attrition Management in IT Industry in South Asia


Government of India, April, New Delhi.

BASIS, Dhaka.

BASIS, Dhaka.

University Press, New York.
The above transformation, which is largely due to deliberate policy measures adopted in the last 50 years, is commendable indeed. But a great disappointment is that India’s share in world trade plummeted during this period: from more than 2% in 1947, the country’s share in world trade slipped steadily, standing at 0.8% today. The simple message from this is that the growth rate of India’s exports has been far below that of most other countries during this period. Due to a variety of reasons including its inward-looking economic policies, India failed to make use of the growth opportunities provided by the burgeoning world trade.

The year 1990 marked a watershed in Indian economic policy. As part of the process of economic liberalization and integration with the world economy, India started adopting policy measures and action plans to raise its share of world trade. The current Foreign Trade Policy aims at doubling India’s share in global trade to 1.5% by the year 2009. One of the several government initiatives formulated in 1991 for the purpose of achieving this goal is the Look East Policy which aims at enhancing the country’s diplomatic, cultural, economic and trade relations with the countries of South East Asia.

These countries in our backyard have seen remarkable growths in economy and trade in recent decades and could have provided us with vast opportunities for exchange of goods and services, The Look East Policy, however, is a highly potent instrument for growth in India’s foreign trade, though late in coming.

This paper attempts to assess India’s trade with seven of the countries which are classified by Asian Development Bank as South East Asian: Indonesia, Malaysia, Singapore, Thailand, Myanmar, Philippines and Vietnam. As our trade with Laos and Cambodia is very small, these two countries have been omitted.

Economic Profiles of the Countries

It is necessary to understand the structure and growth of the economies of these countries, in order to appreciate their potential as India’s trade partners.

Table 1: Population and GDP

<table>
<thead>
<tr>
<th>Country</th>
<th>Population in Millions (Year: 2007)</th>
<th>GDP Per Capita in PPPD (Year:2007)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>224</td>
<td>4931</td>
</tr>
<tr>
<td>Malaysia</td>
<td>27</td>
<td>14256</td>
</tr>
<tr>
<td>Singapore</td>
<td>5</td>
<td>3760</td>
</tr>
<tr>
<td>Thailand</td>
<td>66</td>
<td>10678</td>
</tr>
<tr>
<td>Myanmar</td>
<td>99</td>
<td>2193</td>
</tr>
<tr>
<td>Philippines</td>
<td>89</td>
<td>5918</td>
</tr>
<tr>
<td>Vietnam</td>
<td>85</td>
<td>3836</td>
</tr>
</tbody>
</table>


Of the seven countries in the list, one (Singapore) belongs to High Income Group, another (Malaysia) belongs to Upper Middle Income Group, two (Thailand and Philippines) belong to Lower Middle Income Group and remaining three (Indonesia, Myanmar and Vietnam) are Low Income countries, the category to which India belongs.

Structure of Economy

As may be seen from Table 2 given below, with the exception of Singapore in which service sector dominates and Myanmar which, because of its closed economy, continues to remain a predominantly agricultural country, all the others are fast industrializing their economies.

Table 2: Contribution to GDP, Percent

<table>
<thead>
<tr>
<th>Country</th>
<th>Agriculture</th>
<th>Industry</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>19</td>
<td>14</td>
<td>39</td>
</tr>
<tr>
<td>Malaysia</td>
<td>15</td>
<td>10</td>
<td>42</td>
</tr>
<tr>
<td>Singapore</td>
<td>0</td>
<td>0</td>
<td>34</td>
</tr>
<tr>
<td>Thailand</td>
<td>13</td>
<td>11</td>
<td>37</td>
</tr>
<tr>
<td>Myanmar</td>
<td>57</td>
<td>46</td>
<td>11</td>
</tr>
<tr>
<td>Philippines</td>
<td>22</td>
<td>14</td>
<td>35</td>
</tr>
<tr>
<td>Vietnam</td>
<td>39</td>
<td>20</td>
<td>23</td>
</tr>
<tr>
<td>India</td>
<td>31</td>
<td>18</td>
<td>28</td>
</tr>
</tbody>
</table>


The decline in the share of agriculture and the increase in the share of industry and services may be noted.

International Trade

The decade beginning with 1990

Table 3: Annual Average Percentage Growth

<table>
<thead>
<tr>
<th>Country</th>
<th>Export Trade</th>
<th>Import Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>-1.3</td>
<td>6.5</td>
</tr>
<tr>
<td>Malaysia</td>
<td>8.6</td>
<td>9.3</td>
</tr>
<tr>
<td>Singapore</td>
<td>9.9</td>
<td>7.5</td>
</tr>
<tr>
<td>Thailand</td>
<td>14.0</td>
<td>8.8</td>
</tr>
<tr>
<td>Myanmar</td>
<td>-7.6</td>
<td>16.7</td>
</tr>
<tr>
<td>Philippines</td>
<td>3.9</td>
<td>13.6</td>
</tr>
<tr>
<td>Vietnam</td>
<td>NA</td>
<td>15.8</td>
</tr>
<tr>
<td>India</td>
<td>7.3</td>
<td>9.7</td>
</tr>
</tbody>
</table>

showed a remarkable expansion of foreign trade of these seven countries, all of them with few exceptions showing growth rates much above the world average, partly reflecting their liberalized economic and trade policies. Table 3 illustrates the point.

### Integration with world economy

The indicators given in Table 4 go to demonstrate the high level of integration of the national economies with the global economy.

#### Table 4: Integration with Global Economy

<table>
<thead>
<tr>
<th>Country</th>
<th>Trade in goods as % of GDP</th>
<th>Net Foreign Direct Investment as % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>41.5</td>
<td>43.6</td>
</tr>
<tr>
<td>Malaysia</td>
<td>133.4</td>
<td>172.9</td>
</tr>
<tr>
<td>Singapore</td>
<td>307.6</td>
<td>348.2</td>
</tr>
<tr>
<td>Thailand</td>
<td>65.7</td>
<td>119.3</td>
</tr>
<tr>
<td>Myanmar</td>
<td>5.6</td>
<td>NA</td>
</tr>
<tr>
<td>Philippines</td>
<td>47.7</td>
<td>75.3</td>
</tr>
<tr>
<td>Vietnam</td>
<td>79.7</td>
<td>157.3</td>
</tr>
<tr>
<td>India (for comparison)</td>
<td>13.1</td>
<td>33.5</td>
</tr>
</tbody>
</table>


It needs to be noted that the rates of growth in both foreign trade and foreign direct investment of the South East Asian countries for outstripped those of India, whose own performance has not been insubstantial during this period.

#### Direction of trade

Between 1990 and 2002, very significant changes took place in the direction of exports of the seven countries under study. The most significant changes were: (a) reflecting their own growing manufacturing industry and the pull of the great manufacturing power house that is China, every one of these countries registered a remarkable growth in exports to China; (b) Japan as an export destination showed a marked decline in importance; (c) exports to Developing Member Countries (of Asian Development Bank) showed impressive gains. The USA and EU, the traditionally important export destinations for these countries were losing their importance, the exports of the major exporters of this group of seven countries (Singapore, Malaysia and Thailand) registering decline. Table 5 given below shows the destination-wise export share of the seven countries to the different destinations, illustrating the above points.

#### Table 5: Direction of Exports (% of Total)

<table>
<thead>
<tr>
<th>Country</th>
<th>DMCs*</th>
<th>China</th>
<th>Japan</th>
<th>USA</th>
<th>EU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>18.4</td>
<td>30.3</td>
<td>5.2</td>
<td>5.1</td>
<td>42.5</td>
</tr>
<tr>
<td>Malaysia</td>
<td>40.4</td>
<td>37.8</td>
<td>2.1</td>
<td>5.6</td>
<td>15.3</td>
</tr>
<tr>
<td>Singapore</td>
<td>34.7</td>
<td>43.9</td>
<td>1.5</td>
<td>5.5</td>
<td>8.8</td>
</tr>
<tr>
<td>Thailand</td>
<td>19.3</td>
<td>28.7</td>
<td>1.2</td>
<td>5.2</td>
<td>17.2</td>
</tr>
<tr>
<td>Myanmar</td>
<td>49.0</td>
<td>50.5</td>
<td>8.1</td>
<td>4.8</td>
<td>6.9</td>
</tr>
<tr>
<td>Philippines</td>
<td>14.2</td>
<td>26.5</td>
<td>0.8</td>
<td>3.9</td>
<td>19.8</td>
</tr>
<tr>
<td>Vietnam</td>
<td>25.3</td>
<td>18.0</td>
<td>0.3</td>
<td>6.4</td>
<td>13.5</td>
</tr>
<tr>
<td>India (for comparison)</td>
<td>11.3</td>
<td>16.4</td>
<td>0.1</td>
<td>4.2</td>
<td>9.3</td>
</tr>
</tbody>
</table>

Source: Asian Development Bank Outlook 2004

* DMCs stand for Developing Member Countries of ADB.

It may also be seen from the above table that India has slightly increased its share of exports to the Developing Member Countries of ADB. Its performance with the South East Asian countries under study will be dealt with in a later section of this paper.

#### Conclusions from Part II

The presentation made above in this part of the paper clearly establish that:

- the economies of the group of seven countries under study have undergone much liberalization and increased degree of integration with the global economy;
- the foreign trade of the countries in question have not only grown at a vigorous rate but also have undergone significant changes in their composition and direction;
- trade with China has registered an impressive rise, reflecting perhaps the role of many of the countries under study as suppliers of components or parts to the manufacturing industries of China (The Economist Oct 2004).

India’s Trade Policy Towards and Volume of Trade With South East Asia

Till the beginning of the last decade, India’s efforts to promote its foreign trade were focused on the west, mainly Europe and the USA. Even the diversion of markets was taking place mainly in these regions. Historical connections were an important reason for this. Besides, it was these regions which were able to meet the capital goods and technology requirements of India during the period of its rapid industrialization. The external trade of the South East Asian countries were also west-oriented, again mainly due to historical reasons,
with the possible exception of Singapore which has all along been a major centre of entrepot trade. Six of the seven countries were colonies of European powers. The only country which did not come under any colonial power was Thailand.

Myanmar was a province of British India till its independence in 1948. The present Malaysia was a British colony from 1794 until 1948. Vietnam was a French colony for long. Indonesia was ruled by the Dutch from 1816 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945. And Philippines, which carries the name of the Spanish King Philip, was a Spanish colony till it was transferred in 1898 to 1945.

It was not until 1992 that India established special relationship with the ASEAN. In that year India was accepted by ASEAN as a Special Dialogue Partner in the trade, investment, tourism and science and technology sectors. The position got upgraded in the year 1996. In July, 1996 India was admitted as a member of the Asean Regional Forum which is concerned with matters relating to security. A milestone in relations with ASEAN was reached when India-ASEAN summit meeting was held in Phnom Penh in November, 2002. The relationship was taken a step higher with the signing of a Framework Agreement on Establishment of Free Trade Agreement between ASEAN and India at the second ASEAN-India summit held in October, 2003 in Bali, Indonesia. The agreement envisages liberalization of trade in gradual stages, culminating in the establishment of free trade by the year 2012. India also committed to aligning its peak tariffs to East Asian levels by 2005.

Simultaneously India is engaged in upgrading its trade relations with selected members of the ASEAN on a one-to-one basis. A Framework Agreement for creation of a Free Trade Area between India and Thailand was signed in October, 2003. In terms of this agreement India agreed to reduce its import duties by 50 % by April, 2004 on a Early Harvest List of 84 items. Negotiations for concluding a Comprehensive Economic Co-operation Agreement with Singapore are underway.

India has taken several other initiatives to deepen its economic relations with countries in the region. These include the Mekong-Ganga Co-operation and BIMST-EC, which provides the framework for cooperation between India and five South East Asian countries, viz., Bangladesh, Indonesia, Myanmar, Sri Lanka and Thailand.

The policy measures and new initiatives taken by India have resulted in a significant increase in the two-way trade between India and the seven countries in question (Table 6). The values of merchandise trade over the period 1991-92 and 2005-06 with each of the seven countries, year wise, are given in the Annexure- I to this paper. The graphs shown below illustrate the trends.

It may be noted from the above that both India’s exports to each of the seven countries and imports from each of them registered an impressive increase between 1991-92 and 2005-06, although the rising trend was interrupted in varying degrees in the three years starting with 1998-99. These were the years of the South East Asian financial crisis which had a severe impact especially on Indonesia, Malaysia, Singapore and Thailand. The two-way trade crossed USD 4 billion in 1998-99.
the case of Singapore, USD 3 billion in the case of Indonesia and Malaysia and USD 1.5 billion in the case of Thailand. Trade with the remaining four countries, with whom the trade was negligible in 1990-91, has also grown significantly.

Problems and Prospects

In assessing the performance of India’s trade with South East Asia in general and with the seven countries under study in particular, the stupendous difficulties faced by India should be borne in mind. Till the 1980’s, apathy was mutual. For the South East Asian countries, India was a difficult country because of its slow pace of economic reforms, lack of consistency in policies, indecisive and lethargic bureaucracy and a high level of corruption. As far as India was concerned, the fast pace of globalization and economic liberalization in the ASEAN group of countries were not something suited to India. The validity of this view was demonstrated by the devastating financial crisis which gripped many of the ASEAN and some other Far Eastern countries in the late 1990’s. As a result, trade and other economic exchanges between the two sides were far below potential.

The tariff differential between India and the seven South East Asian countries was too wide to facilitate growth in trade. Table 8 illustrates the point.

The difficulties involved in India establishing free trade arrangement with the ASEAN can be easily imagined. Bringing down the duties to the level of ASEAN has serious implications for Indian economy in general and the manufacturing sector in particular. Even the reduction of tariffs by 50% on a selected list of 84 items under the Framework Agreement with Thailand has led to vociferous protests from Indian manufacturers of automobiles components and parts. They apprehend that, because of the very low duties on raw materials, the auto component manufacturers in Thailand will enjoy advantages to such an extent that Thailand will turn out to be the low-cost base for Indian automobile manufacturers and others to import both components and finished products like steering assemblies. (Tom Yam Swamp by Arindan Mukherjee, Outlook 18 Oct. 2004). The fear is that the Indo-Thai Free Trade Agreement may similarly affect several other sectors like consumer durables, consumer electronics and textiles. The anticipated migration of manufacturing activities in some sectors from India to Thailand may, of course, have very adverse consequences on industry and employment in India.

The problem, therefore, boils down to one basic question: Is India prepared to go the whole way towards bringing its tariff rates down to those of the South East Asian countries? The difficulties involved in India taking such a step are numerous. The experience with FTA concluded with Sri Lanka readily comes to one’s mind. To alleviate the hardships experienced by Indian producers of

![India's Trade with South East Asia](image)

**Table 6: India’s Trade with South East Asia (In USD million)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991-92</td>
<td>1026</td>
<td>1326</td>
</tr>
<tr>
<td>1992-93</td>
<td>1247</td>
<td>1283</td>
</tr>
<tr>
<td>1993-94</td>
<td>1679</td>
<td>1158</td>
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<tr>
<td>1994-95</td>
<td>1904</td>
<td>1996</td>
</tr>
<tr>
<td>1995-96</td>
<td>2708</td>
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<td>1996-97</td>
<td>2855</td>
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<td>3607</td>
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<td>1998-99</td>
<td>1618</td>
<td>4316</td>
</tr>
<tr>
<td>1999-00</td>
<td>2225</td>
<td>5090</td>
</tr>
<tr>
<td>2000-01</td>
<td>2865</td>
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<tr>
<td>2004-05</td>
<td>8394</td>
<td>9109</td>
</tr>
<tr>
<td>2005-06</td>
<td>10439</td>
<td>10607</td>
</tr>
</tbody>
</table>

**Table 7: List of Major Commodities Exchanged**

<table>
<thead>
<tr>
<th>Exports from India</th>
<th>Imports into India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gems and Jewellery</td>
<td>Vegetable oils</td>
</tr>
<tr>
<td>Iron and Steel</td>
<td>Electronic goods</td>
</tr>
<tr>
<td>Oil meals</td>
<td>Wood and wood products</td>
</tr>
<tr>
<td>Electronic goods</td>
<td>Organic chemicals</td>
</tr>
<tr>
<td>Drugs and pharmaceuticals</td>
<td>Transport equipments</td>
</tr>
<tr>
<td>Dyes</td>
<td>Non-electrical machinery</td>
</tr>
<tr>
<td>Manmade yarn and fabrics</td>
<td>Pulses</td>
</tr>
<tr>
<td>Other metals</td>
<td>Ores and metal scraps</td>
</tr>
<tr>
<td>Inorganic, organic and agro chemicals</td>
<td>Coal</td>
</tr>
</tbody>
</table>
Table 8: The Tariff Differential Between India and The South East Asian Countries (% weighted mean tariff)

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>All Products</th>
<th>Primary Products</th>
<th>Manufactured Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>1989</td>
<td>13.2</td>
<td>5.9</td>
<td>15.1</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>5.5</td>
<td>3.2</td>
<td>6.2</td>
</tr>
<tr>
<td>Malaysia</td>
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<td>9.7</td>
<td>4.6</td>
<td>10.8</td>
</tr>
<tr>
<td></td>
<td>2003</td>
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<tr>
<td>Singapore</td>
<td>1989</td>
<td>1.1</td>
<td>2.5</td>
<td>0.6</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Thailand</td>
<td>1989</td>
<td>33.0</td>
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<td>34.9</td>
</tr>
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<td></td>
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<td>8.3</td>
<td>4.4</td>
<td>9.3</td>
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<tr>
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<td>2001</td>
<td>4.8</td>
<td>5.1</td>
<td>4.7</td>
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<tr>
<td></td>
<td>2004</td>
<td>4.1</td>
<td>4.6</td>
<td>3.9</td>
</tr>
<tr>
<td>Philippines</td>
<td>1988</td>
<td>22.4</td>
<td>18.5</td>
<td>23.4</td>
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<tr>
<td></td>
<td>2003</td>
<td>2.6</td>
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<td>Vietnam</td>
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<td>12.9</td>
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<td></td>
<td>2004</td>
<td>14.5</td>
<td>17.7</td>
<td>13.3</td>
</tr>
<tr>
<td>India</td>
<td>1990</td>
<td>56.2</td>
<td>34.1</td>
<td>70.8</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>28.0</td>
<td>36.9</td>
<td>25.3</td>
</tr>
</tbody>
</table>


The movement of jobs is inherent in the process of economic integration and globalization and, then, to bemoan the movement of any jobs from India to other countries brought about by FTAs that it voluntarily chooses to sign, is incongruent. What is needed is adoption of a give-and-take policy with built-in safeguards to protect against any socially or economically disastrous consequences that may flow from any trade agreement. For this purpose, the Government of India has to involve Indian industry and trade in an increased measure in the course of preparatory work for all trade agreements and also at the negotiation stage.

A view is sometimes expressed that the scope for achieving any notable increase in trade with South East Asian countries is limited by the absence of complementarities among the economies concerned. This view has been invalidated by the increasing trend towards outsourcing on a global scale. In many cases, countries no longer manufacture a product 100% within their respective national borders; parts and components are outsourced from countries with low costs and the finished products are sold all over the globe. What is currently happening in South East Asia and the Far East is a striking example to illustrate this trend. Table 5 of this paper showed how China is beginning to account for a rapidly increasing share of the exports of the seven countries under study. Asian Development Bank’s Outlook 2004 clearly brings out (page 5) the increasing scale of production-sharing, or vertical specialization, in the East and South East Asian region. Referring to China’s increasing import of components and parts from other countries in the region, the Report states that, “the structural trade balances between PRC and its major trading partners clearly show its role as an assembly centre for many exports from Asia to the US and EU”. It adds that production-sharing is expected to become more important to regional trade, facilitated by improvements in transportation and communication and falling trade and investment barriers.

India, as another fast-growing large economy in Asia, has to be prepared for similar changes if it is to fully participate and gain from the forces of globalization. The process may adversely affect some sectors but the government has to take steps to ameliorate the sufferings of people so affected and to encourage growth in other areas with a view to maximizing the gains to the economy.

**Conclusion**

South East Asia and East Asia are regions of high economic growth and burgeoning foreign trade. India stands to gain tremendously by establishing closer cooperation with the countries in the region. India’s efforts in recent years to upgrade its economic relations with the ASEAN countries are in the right direction and have in fact produced highly satisfactory results. But the path has many pitfalls and, hence, needs to be treaded with care.

Trade in merchandise, with which this paper was concerned so far, is only one part, albeit a major part, of the economic exchanges among the ASEAN countries and India. Trade in services like travel, tourism, health care and, of course, information technology hold great opportunities for India. Such exchanges will help promote not only economic prosperity but also social and political stability among the people of this region who historically share so much in common in terms of culture and civilization.

**References**


Urbanization in South Asia with Special Reference to Bangalore – Its Impacts

Priya Narayanan

Abstract

Urbanization is one of the most rapid forms of social change in the world. While the global urbanization is at the rate of 2 per cent, Asia’s urbanization is at the rate of 2.3 per cent. Asia stands the second highest in the world for the rate of urbanization after Africa. This paper aims to study the urban demographics of South Asia and its effects. The effects are felt and experienced than studied. Hence they are explained through the reference of Bangalore. The paper concludes that urbanization would pose the greatest challenge for the developing countries and should be dealt with efficient technologies to avoid disasters.

Introduction

Until near past, urbanization and urban growth was considered as signs of modernization. Urbanization was defined as transfer of population from hinterlands to urban centres that stimulates the needs and provides the conditions needed for “take off” towards wide spread participation. Cities provide machine tools for modernization.

All cities do not enjoy sustainable development. While cities and towns are defined as engines of growth and incubators of civilization expanding knowledge, culture, tradition, industries and commerce, it is the same cities and towns which cause concerns on pollution, land use change, slums, heat islands and loss of ecology.

The Urban Magnets

During 1970s to 1990s the emergence of cities with more than 10 million populations was twice as great in developing countries as experienced in developed countries. Since the UN projections reveals that 23 or 27 cities with more than 10 million population in 2015 and 36 of 44 cities with more than 5 million population are to be concentrated in the south, gives a clear alarm call to curb urbanization. It is in these fast growing cities where greatest challenges of sustainable developments have to be met.

The rural population of Asia is predicted to decline in the next three decades and the urban population is expected to double. However it also divulges that there are

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Figure 1: Urban and World Population Trends (in billions)

Table 1: Asia: Urban Population, Number and Percentage Estimates, 1950 to 2000 and Projections, 2030

<table>
<thead>
<tr>
<th>Region</th>
<th>1950 No (’000)</th>
<th>%</th>
<th>2000 No (’000)</th>
<th>%</th>
<th>2030 No (’000)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Asia</td>
<td>121,250</td>
<td>18.0</td>
<td>616,845</td>
<td>41.6</td>
<td>1,064,756</td>
<td>62.7</td>
</tr>
<tr>
<td>South Central Asia</td>
<td>82,882</td>
<td>16.6</td>
<td>440,879</td>
<td>29.8</td>
<td>968,944</td>
<td>44.0</td>
</tr>
<tr>
<td>South Eastern Asia</td>
<td>26,305</td>
<td>14.8</td>
<td>196,029</td>
<td>37.5</td>
<td>407,174</td>
<td>56.5</td>
</tr>
<tr>
<td>Asia</td>
<td>230,437</td>
<td>17.1</td>
<td>1,253,753</td>
<td>34.9</td>
<td>2,440,874</td>
<td>52.5</td>
</tr>
</tbody>
</table>


Table 2: Asia’s Largest Countries: Urban Population, Number and Percentage Estimates, 1950 and 2000 and Projections, 2030

<table>
<thead>
<tr>
<th>Country</th>
<th>1950 No (’000)</th>
<th>%</th>
<th>% of growth 1950-2000</th>
<th>2000 No (’000)</th>
<th>%</th>
<th>% of growth 2000-203</th>
<th>2030 No (’000)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>69,528</td>
<td>12.5</td>
<td>556.3</td>
<td>456,340</td>
<td>35.8</td>
<td>93.6</td>
<td>883,421</td>
<td>59.5</td>
</tr>
<tr>
<td>India</td>
<td>61,695</td>
<td>17.3</td>
<td>352.3</td>
<td>279,045</td>
<td>27.7</td>
<td>106.3</td>
<td>575,684</td>
<td>40.9</td>
</tr>
<tr>
<td>Indonesia</td>
<td>9,863</td>
<td>12.4</td>
<td>781.5</td>
<td>86,943</td>
<td>41.0</td>
<td>107.1</td>
<td>180,019</td>
<td>63.7</td>
</tr>
<tr>
<td>Pakistan</td>
<td>6,494</td>
<td>17.5</td>
<td>572.9</td>
<td>46,757</td>
<td>33.1</td>
<td>184.9</td>
<td>133,226</td>
<td>48.9</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>1,774</td>
<td>4.2</td>
<td>1,836.5</td>
<td>34,354</td>
<td>25.0</td>
<td>186.9</td>
<td>98,554</td>
<td>44.3</td>
</tr>
<tr>
<td>Japan</td>
<td>42,065</td>
<td>50.3</td>
<td>137.9</td>
<td>100,089</td>
<td>78.8</td>
<td>2.7</td>
<td>102,819</td>
<td>57.3</td>
</tr>
</tbody>
</table>


Table 3: Population and Growth Rate of Urban Agglomerations With More Than 10 Million Inhabitants in 2011, 1975-2015

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tokyo</td>
<td>19.8</td>
<td>26.4</td>
<td>26.5</td>
<td>27.2</td>
<td>1.16</td>
<td>0.19</td>
<td></td>
</tr>
<tr>
<td>Mumbai</td>
<td>7.3</td>
<td>16.1</td>
<td>16.5</td>
<td>22.6</td>
<td>3.13</td>
<td>2.26</td>
<td></td>
</tr>
<tr>
<td>Calcutta</td>
<td>7.9</td>
<td>13.1</td>
<td>13.3</td>
<td>16.7</td>
<td>2.02</td>
<td>1.66</td>
<td></td>
</tr>
<tr>
<td>Dhaka</td>
<td>2.2</td>
<td>12.5</td>
<td>13.3</td>
<td>22.8</td>
<td>7.00</td>
<td>3.99</td>
<td></td>
</tr>
<tr>
<td>Delhi</td>
<td>4.4</td>
<td>12.4</td>
<td>13.0</td>
<td>20.9</td>
<td>4.13</td>
<td>3.45</td>
<td></td>
</tr>
<tr>
<td>Shanghai</td>
<td>11.4</td>
<td>12.9</td>
<td>12.8</td>
<td>13.6</td>
<td>0.48</td>
<td>0.36</td>
<td></td>
</tr>
<tr>
<td>Jakarta</td>
<td>4.8</td>
<td>11.0</td>
<td>11.4</td>
<td>17.3</td>
<td>3.31</td>
<td>3.00</td>
<td></td>
</tr>
<tr>
<td>Osaka</td>
<td>9.8</td>
<td>11.0</td>
<td>11.0</td>
<td>11.0</td>
<td>0.45</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Beijing</td>
<td>8.5</td>
<td>10.8</td>
<td>10.8</td>
<td>11.7</td>
<td>0.95</td>
<td>0.49</td>
<td></td>
</tr>
<tr>
<td>Karachi</td>
<td>4.0</td>
<td>10.0</td>
<td>10.4</td>
<td>16.2</td>
<td>3.69</td>
<td>3.19</td>
<td></td>
</tr>
<tr>
<td>Metro Manila</td>
<td>5.0</td>
<td>10.0</td>
<td>10.1</td>
<td>12.6</td>
<td>2.75</td>
<td>1.56</td>
<td></td>
</tr>
</tbody>
</table>

Effects of Urbanization

It was already said that by 2008, more than one half of the world’s population will be living in urban areas that is cities of different sizes. This will make 21st Century what many believe to be truly urban century. Most of the urban population explosion is due to migration. People migrate from rural to urban areas with the scope of employment, better standard of living and better exposure to technology. In the South Asian region, 40% of the urban population is due to migration during 1970-1990. In India rural-urban migration is well evidenced and experienced. In 1971, 20.22 per cent of the population were urban, during 1971-81, the urban population shot to 46 per cent, while the rural population registered a growth of only 16 percent. Temporary migration is more significant here, such that the earning member of the family leaves behind the family in the home town and migrates to urban areas for occupational causes. Nearly one million workers from south Asia especially from Bangladesh, India, Pakistan and Sri Lanka emigrate each year to the Middle east. The Middle East countries hire temporary workers from Asia especially from Bangladesh, India, Pakistan and Sri Lanka emigrate each year to the Middle east. The Middle East countries hire temporary workers from Asia.

Introduction to Bangalore

Bangalore, the fifth largest metropolitan city in India with 6 million populations is known as technological hub, for it being a hub of technology based industries. Hence, it is also called as Silicon Valley of India. For its space for greenery, it is also known as Garden city of India, for which it was honoured with Indira Priyadarshini Vriksha Mritra award in the year 1980. For it offers a very pleasant living conditions, it was also called as Pensioner’s paradise. All these adjectives would give us an adulated picture of Bangalore. But these are stories of the past. The present urban Bangalore suffers under the eclipse of urbanization. Bangalore, the state capital of Karnataka is situated at 12°58’ N latitude and 77°36’ E Longitude, and elevated 916 meters above mean sea level.

Decadal Growth and Composition of Population

Bangalore became the sixth largest city in India. Employment opportunities was initially in the public sector, and then in textile and high technology industries which resulted in migration of people to Bangalore. The 2001 census population of Bangalore was 56.86 lakh, but the (new draft) City Development Plan of BDA has included population in the peripheral villages and estimated the metropolitan area population as 61.70 lakh. The growth of Bangalore from a town to a metropolis has been a result of five growth events: Shifting of the State Capital from Mysore; Establishment of the Cantonment; Setting up Public Sector Undertakings/Academic Institutions; Development of Textile Industry; and Development of Information Technology/ITES/Biotech based industries.

The city of Bangalore survived for nearly two and half centuries without noticeable physical expansion. This can be mainly attributed to the economic activity which was predominantly agriculture and collection of surplus from country side. But the boom in industrialization and globalization have led to surprising rise in population and expansion of the city limits. In the decade of 1991-2001, the growth rate urban population in Karnataka was 28.85%, as against the aggregate population growth rate of 17.25%. Bangalore grew at a much faster rate, and the population of Bangalore increased from 41.30 lakh to 56.86 lakh during the decade 1991-2001, representing a decadal increase of 37.7%, which made Bangalore one of the fastest-growing Indian metropolises, after New Delhi (51.93%). Figure 1 shows the population growth and illustrates sharp spurts in population growth in the decades 1941-51 and 1971-1981.

Figure 2: Growth Curve of Population
About one third of the population increase in the Bangalore region is attributed to the fact that new areas were added to the Bangalore urban agglomeration. Adjusting this factor, the net increase in population during 1991-2001 was approximately 22%. Table 4 shows the growth composition of population.

The City forces to grow out of its existing boundary with the increase in the population. Most of the time the growth is through natural increase in the inmate’s population. Ironically, Bangalore being a Tech-city the growth is governed through the migratory population than the Natural growth. The composition of population growth of Bangalore is summarized in the Table 5.

Urban Poverty

While Bangalore’s employment increased twice as much as the population and incomes increased three times faster than the population, the inequality of this latest growth leads to the increased difficulties for the urban poor. However, the key challenge remains growth devolution to all sections of the society. As per the 2001 census, the slum population in the BMP area is 4.30 lakh, which is about 10% of the total BMP population of 43.01 lakh. The increase in number of slums in Bangalore is a problem that has not yet been completely addressed. However, growth in poverty levels is mitigated to some extent due to availability of jobs provided by the growing Services sector. Karnataka Slum Clearance Board has focused on proving the amenities in slums to address basic issues relating to urban poor. The CDP has taken into account all slums spread throughout Bangalore (encompassing area under the control of BMP, 7 CMCs, and 1 TMC). The total number of slums captured in the survey is 542 and the number of households proposed to be redeveloped is estimated to be 217,257. Table 5 shows the details of slums, while Table 6 shows the access levels of the urban poor, to infrastructure services.

Figure 3: Population Composition

Urban Infrastructure Management

Unlike other cities, Bangalore is not a city with dearth of finance. Here the problem lies with the governance and for the governance is the ever increasing population. Robust infrastructural plans exist here too, but in the files. The plans of metro rail, sky bus, development plans on line of Singapore have not seen its day of light yet. Here the existing infrastructure is undergoing the process called “Urban Decay”, where in existing infrastructure by it’s over use and non-maintenance the infrastructure starts decaying.

Urban Health and Safety

While analyzing the health status of the inmates of Bangalore city, the common diseases prevalent here are the gastroenteritis

---

Table 4: Growth of Population in Bangalore

<table>
<thead>
<tr>
<th>Census Year</th>
<th>Persons</th>
<th>Percentage in increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1861</td>
<td>98,000</td>
<td></td>
</tr>
<tr>
<td>1871</td>
<td>1,44,479</td>
<td></td>
</tr>
<tr>
<td>1881</td>
<td>1,55,857</td>
<td>7.88</td>
</tr>
<tr>
<td>1891</td>
<td>1,80,366</td>
<td>15.73</td>
</tr>
<tr>
<td>1901</td>
<td>1,63,000</td>
<td>-9.58</td>
</tr>
<tr>
<td>1911</td>
<td>1,89,000</td>
<td>16.18</td>
</tr>
<tr>
<td>1921</td>
<td>2,40,000</td>
<td>26.69</td>
</tr>
<tr>
<td>1931</td>
<td>3,00,900</td>
<td>29.05</td>
</tr>
<tr>
<td>1941</td>
<td>4,10,000</td>
<td>32.66</td>
</tr>
<tr>
<td>1951</td>
<td>7,86,343</td>
<td>91.34</td>
</tr>
<tr>
<td>1961</td>
<td>12,06,961</td>
<td>53.49</td>
</tr>
<tr>
<td>1971</td>
<td>16,64,208</td>
<td>37.88</td>
</tr>
<tr>
<td>1981</td>
<td>29,21,751</td>
<td>75.56</td>
</tr>
<tr>
<td>1991</td>
<td>41,30,288</td>
<td>41.36</td>
</tr>
<tr>
<td>2001</td>
<td>56,86,844</td>
<td>37.69</td>
</tr>
</tbody>
</table>


Table 5: Composition of Population Growth

<table>
<thead>
<tr>
<th>Composition</th>
<th>1981 - 91 (lakhs)</th>
<th>% of total</th>
<th>1991-2001 (Lakhs)</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Increase</td>
<td>2.66</td>
<td>22</td>
<td>3.42</td>
<td>22</td>
</tr>
<tr>
<td>In-migration</td>
<td>5.44</td>
<td>45</td>
<td>7.00</td>
<td>45</td>
</tr>
<tr>
<td>Jurisdictional Change</td>
<td>4.06</td>
<td>33</td>
<td>5.19</td>
<td>33</td>
</tr>
<tr>
<td>Total Increase</td>
<td>12.09</td>
<td>100</td>
<td>15.57</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: City Development Plan for Bangalore – BDA
Table 6: Details of Slums

<table>
<thead>
<tr>
<th>Agency</th>
<th>No. of Slums</th>
<th>No of Households</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Karnataka Slum Clearance Board (KASCB)</td>
<td>218</td>
<td>106,266</td>
<td>Declared</td>
</tr>
<tr>
<td>BMP East Zone</td>
<td>65</td>
<td>33,990</td>
<td>Undeclared</td>
</tr>
<tr>
<td>BMP West Zone</td>
<td>65</td>
<td>28,926</td>
<td></td>
</tr>
<tr>
<td>BMP South Zone</td>
<td>39</td>
<td>10,132</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>169</td>
<td>70,048</td>
<td></td>
</tr>
<tr>
<td>CMC's Byatarayanapura</td>
<td>38</td>
<td>7,062</td>
<td></td>
</tr>
<tr>
<td>Krishnarajapura</td>
<td>19</td>
<td>1,020</td>
<td></td>
</tr>
<tr>
<td>Mahadevapura</td>
<td>22</td>
<td>8,547</td>
<td></td>
</tr>
<tr>
<td>Bommanahalli</td>
<td>40</td>
<td>3,764</td>
<td></td>
</tr>
<tr>
<td>R Nagar</td>
<td>15</td>
<td>1,351</td>
<td></td>
</tr>
<tr>
<td>Dasarahalli</td>
<td>16</td>
<td>13,497</td>
<td></td>
</tr>
<tr>
<td>Yelahanka</td>
<td>03</td>
<td>2,589</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>153</td>
<td>37,830</td>
<td></td>
</tr>
<tr>
<td>TMC Kengeri</td>
<td>2</td>
<td>113</td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td>542</td>
<td>2,17,257</td>
<td></td>
</tr>
</tbody>
</table>

Source: JNNURM – City Development Plan for Bangalore

Table 7: Access of Slum Dwellers to Basic Infrastructure

<table>
<thead>
<tr>
<th>Year</th>
<th>Water Supply</th>
<th>Percentage of Slum Dwellers Having Access to</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Drainage System</td>
<td>Waste Service Collection</td>
</tr>
<tr>
<td>1991</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>2001</td>
<td>17.1</td>
<td>17.1</td>
</tr>
<tr>
<td>2005</td>
<td>17.0</td>
<td>17.0</td>
</tr>
</tbody>
</table>


There is a perfect correlation with the diseases occurrence and density of population of different wards of Bangalore. Where the density of population is found high, there the incidences of diseases are also reported high. This is very evident for air borne and water borne diseases. Every year it is a challenge for the health officials to handle the situation. Every outbreak of diseases has to be handled efficiently failing which owing to the density of population, the victims will be ever increasing. The figure 4 will give an insight of fluctuating health situation of the city inmates of the city. The major diseases accounted here are GE, Chickenpox, Rabies and Tetanus. There are fluctuations on the number of the victims, but in the given season, the set of diseases does occur every year without fail, indicates poor eradication measures.

Figure 4: Percentages of Occurrence of Diseases


Inefficient Traffic Management

Rising traffic congestion is one of the key issues in the City. Though the length of roads available is good, the problem lies with the restricted widths. BMTC is one of the best bus transport corporations in the country, but the absence of a rail-based commuter system compounds the problem. This further encourages the commuters to use individual vehicles avoiding the public transport. Added number of vehicles means added chaotic traffic and added pollution there in. Table 4 throws light on number of registered vehicles in Bangalore.
Air Quality

The air quality of the city has deteriorated beyond standard long before 1999. The Sulphur Dioxide (SO\textsubscript{2}), Oxides of Nitrogen as NO\textsubscript{x}, and Suspended Particulate Matter (SPM) and Repairable Suspended Particulate Matter (RSPM/PM\textsubscript{10}) are regularly measured which the suspended particulate matter seems ever increasing. From the figure 5, we can interpret the levels of air pollution from the 1999 to 2008-09. One main reason that can attribute to this alarming air quality is increase in the vehicular population of the city. Table 8, shows that in the year 2000, Bangalore had 14,18,376 registered vehicles. But it is clarified from the Regional Transport Office (RTO) Bangalore that till October 2007 there are 31,06,564 vehicles registered and this number stands next to Chennai. With the introduction of economical cars the number is expected to increase still further. If at this rate the vehicle population increases, Bangalore’s roads will choke with traffic issues.

Urban Floods

Bangalore situated at a height of 927 m from Mean sea level, with no perennial source of water either through rivers or tanks experiences floods during the rainy season. Bangalore receives an average rainfall of 970mm for the last 10 years. But for the past four years Bangalore has been facing severe flooding. The main sources of ground water for Bangalore are tanks. There were 265 tanks in Bangalore as depicted in Survey of India maps, published in the 1972. The Satellite Imagery of the year 2007 shows only 110 tanks, and every day the number is deteriorating. These tanks are filled up and occupied by built up structures. When natural drains are blocked, results in urban floods during heavy rains. The concept of neo determinism in geography is well fit here. Man has the capability to determine or alter his environment, but only to a certain extent, beyond which he will be the victim of nature’s agony.

Urban Sprawl

The irresponsible and poorly-planned development that destroys green and blue space and that causes urban chaos can be termed as sprawl. The comparison of sprawl can be with cancerous disease process or a virus\textsuperscript{6}. Sprawl may said to happen at a rate at which the land is convert to non-agricultural or non-natural uses exceeds the rate of population growth\textsuperscript{7}. A set of social, economic, psychological, political and physical forces operate here. The more common type of sprawl that happens here are discontinuous “leap frog sprawl” which makes the service providers to rock. For instance, when buildings raises before infrastructure, then constructing road to meet at right angles would not be practically possible. Bangalore’s sprawl is well evident with annexure of urban agglomeration with every census reports. These urban annexure Cleary indicate the new sprawl which is annexed with the Bangalore urban area.

Climate Unreliability

The annual average maximum temperature of Bangalore, which in 1963 was 28.9 degrees Celsius, rose to 29.9 degrees Celsius by 2008. For 45 years the annual average temperature is increasing by one degree. There is an increase in temperature by .25 degree Celsius every decade which calls for a great concern in the total global warming scenario.

Land Transformation and Loss of Ecology

The valued ecology of Bangalore is its forests and lakes. A synoptic view of Bangalore from space through satellite imagery depicts Bangalore as green and blue spot except the centre which is a concrete forest, “the city”. More than 50% of the city’s lakes are already lost to urbanization. The Comprehensive Development plan that was prepared in the year 2003 determined a green belt for the city which is annexed with the Bangalore urban area.

Table 8 - Registered Vehicles in Bangalore, Year 2000

<table>
<thead>
<tr>
<th>Vehicles</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two-Wheelers</td>
<td>10,53,007</td>
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<tr>
<td>Cars</td>
<td>1,98,004</td>
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<tr>
<td>Jeeps</td>
<td>6,822</td>
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<tr>
<td>Autos</td>
<td>60,750</td>
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<tr>
<td>KSRTC</td>
<td>7,635</td>
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<tr>
<td>Private Buses</td>
<td>1,509</td>
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<tr>
<td>Goods Vehicles</td>
<td>41,244</td>
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<tr>
<td>Contract carriages</td>
<td>768</td>
</tr>
<tr>
<td>Maxi Cabs</td>
<td>4,143</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14,18,361</strong></td>
</tr>
</tbody>
</table>

Sources:
2. Table 8 - Registered Vehicles in Bangalore, Year 2000
3. Figure 5: Annual Average of Ambient Air Quality

Figure 5: Annual Average of Ambient Air Quality

the city are under high threat and are encroached. Agricultural land and plantations are converted into mega built up structures. Land transformation is in high order and pretense the greatest threat to urban ecology.

Threat on Food Security

The geography of land use models suggests that any city would be surrounded by green belt with horticulture, agriculture and mixed forest. This green belt ensures the food supply for the city. Bangalore is also surrounded by green belt. This green belt in the periphery of the city known as Rural Bangalore assures the city with food needs of the city. But invariable urbanization and sprawl towards all directions. It was calculated from the Indian Remote Sensing Satellite Imagery (IRS) of the year 2001 showed the agricultural area as 1064.86 sq.km, which constituted for 73% of the land use of Bangalore district. But in the year 2005, the agricultural area shrunk to 531.98 sq.km which accounts for 24.36% of the land use. The agriculture land is shrinking at the rate of nearly 12% an year. The consequences are felt with increasing price of vegetables, diminishing farmer markets and farmer participation in the markets, increasing super markets for horticulture, agriculture and orchard products. This will further weaken the farmer’s participation in agriculture here, which is a push factor to the city.

Conclusions

The effects of urbanizations and its dimension are well studies and perceived. Employment opportunities and industrial decentralizations are first positive move towards it. The urban areas have to be provided with better services since they are the revenue yielder to the government. Good and quality service, curb of inflow population and support to rural developments would see a transformation to the entire world and shall make it a better place for co-existence.

Notes


Artistic Freedom of Expression versus Communitarian Sentiments - A Case Study

Binu Zachariah

Abstract

The paper attempts to situationalise the crisis which arose out of the conflicts between artistic freedom of expression on the one side and an army of powers such as the State, the Church and the community at large. By problematising the issue of artistic freedom and by attempting to draw borderlines for that freedom (if necessary or desirable) this paper tries to evaluate the crisis by taking an independent and non-partisan stand. The paper analyses the justifications offered by proponents from both sides of the divide, with specific regard to the play, The Sixth Holy Wound of Christ and attempts to see whether a middle path can be achieved by respecting both religious sentiments as well as artistic freedom of expression, even if it is difficult to accept opposing viewpoints.

Freedom of expression is a fundamental right guaranteed in a democracy. The dictionary defines the phrase as: ‘the right to express one’s opinion freely.’ This paper attempts to analyse the conflicts that arise when the manner in which an artist or a writer expresses his/her freedom to create a work of art affects the religious sentiments of a community, in this case, the Christian community. Though the major thrust of the paper is on the clash between artistic freedom of expression and communitarian sentiments encompassed within the context of the staging of a play in Malayalam entitled The Sixth Holy Wound of Christ, (Antony, 1988) the performance of which created a furore in Kerala in the mid-1980s, the paper also touches upon the reception in India of recent works that discuss Christ.

The Sixth Holy Wound of Christ by P.M. Antony is an adaptation of the Greek novelist Nikos Kazantzakis’ The Last Temptation of Christ (Kazantzakis 1960). In fact, a cursory reading of the two works would reveal the contents as being very similar, or rather, at most times identical, the differences between them being very marginal. Antony states that his play is concerned with the Jews’ freedom struggle against the Roman empire:

As far as I am concerned, it is the people of Israel who are important. The Christ in this expressive context created quite a few doubts. Why did Christ’s message of love fail in Israel? And why does it fail even today? Is it possible to liberate an oppressed people through the concept of
universal love? These are some of the questions that I search for with regard to Christ. This is different from Kazantzakis’ exposition. That is why I said that this play has only a ‘distant conformity’ with Kazantzakis’ text… (Antony 1986:19)

Antony adheres to his statement that for him it is the freedom of Israel that is substantial, and that Christ is a representation of this struggle. But he uses the nuances of Kazantzakis’ plot and at times the plot itself to paint his own portrait of Christ. Several instances may be cited to substantiate this—Jesus building the cross for the crucifixion of the Zealot, Judas admonishing him for this, Mary’s concern for her son’s torments, her desire to see him lead a married life, the rabbi’s advice to Jesus to go to the monastery in the desert, Jesus’ attraction towards Magdalene and vice-versa, Jesus planning his own betrayal, etc.

Kazantzakis, in his novel, is able to provide a complete transformation of Christ, from a self-doubting being, to a strong, confident individual, sure of his mission, albeit from a self-doubting being, to a strong, confident individual, sure of his mission, albeit.

Repeated conscious readings of the Bible enabled me to see the resistance of a community, which after being described in the Old Testament becomes vague and unimportant in the New Testament. Actually, is not there a continuation of this struggle in the New Testament also? (Antony 1986:18)

There may be an attempt by Antony to depict the continuation of this liberation struggle, but he cannot help letting the issue of the freedom struggle be overshadowed by the character of Christ, and he finds it difficult to balance these two. Like in Kazantzakis’ text, Christ does gain a certain kind of centrality. But Antony seems unsure of whether to prioritise the freedom struggle or the character of Christ.

Nevertheless, the play attracted wide attention not because of the playwright’s focus on the freedom struggle of Israelites, but because of the controversial depiction of Jesus Christ, which ran contrary to general Christian belief.

A brief survey of what made The Sixth Holy Wound of Christ controversial is necessary here. One of the primary factors that initiated the controversy, were the words in the play’s brochure: “The Jesus who is not the Son of God! The Judas who is not a betrayer! The Barabbas who is not a criminal! The Mary of Magdalene who is not a sinner!” (Kochu 1986: 15) Antony justifies the use of these statements saying that he wanted to create a new perspective in the minds of the spectators. On 5th August, 1986, the Kerala police raided the rehearsal camp and seized copies of the script, five days before the first performance (Kochu 1986: 14). It seems that the authorities took offence at the words on the leaflets printed for the play. Antony appealed against the police action and his appeal was upheld by the Kerala High Court, which felt that, “It is part of a citizen’s freedom of expression and freedom of opinion to present a play” (Kochu 1986: 16).

Following this judgment the play was staged as scheduled, on August 10th, in Aleppey. The dramatist also took the effort to explain that his play is not about an anti-religious Christ, but instead an attempt to know more about the historicity of Christ in the context of Israel’s freedom struggle against Rome. Though the High Court cleared the play for staging, more problems cropped up after that. On November 3rd there was a mass protest rally in Thrissur, led by the then Bishop of the Thrissur diocese, Bishop Joseph Kundukulam, urging the government to ban the play. (Mathrubhumi, 1986: 6) The District Collector of Ernakulam banned the play stating that, “the staging of this drama anywhere in the district is liable to inflame communal passions and lead to a serious breach of peace” (Court Documents 1987: 133).

An in-depth study of the reactions to the prohibition of the play yielded variegated responses. It was the Church leaders who called for the ban. But there were a couple of noted theologians who felt that the ban was unnecessary. Similarly, while almost all the literati urged the withdrawal of the ban order, because they felt that it was only an attempt by the dramatist to look at Christ and the historicity of the Bible from a different perspective, there were some who felt that while dealing with religious and historical figures, a certain amount of care should be taken not to offend the sentiments of a religious community. Leading the crusade against the play was Bishop Kundukulam who felt that the whole play was antithetical to the life and teachings of Christ. He argues that people heeded his call to protest, because of their faith in Christ. In a reply to whether or not the calling for the prohibition of the play is an encroachment on the artist’s freedom of expression, the Bishop said that, “art should not attempt to destroy the divinity of man” (Mathrubhumi 1986: 8).

It was around this time that the Government of Kerala ordered the withdrawal of a text prescribed for study in the Calicut University, because it included an essay that dealt with the character of Christ as found in Nikos Kazantzakis, The Last Temptation of Christ. (Kalakkumudi, 1986: 7) This incident cannot be viewed as separate from the prohibition of the play. Bishop Kundukulam expressed his views on this matter also: “That book depicts Christ as an adulterer. I do not think it is right to insist that such a text should be taught, and learnt by students.” He agreed that The Last Temptation of Christ may be found in American theological colleges and seminaries but that is because “they do not care for God at all … They need God only when they are about to die. You do not need God if you give importance to material benefits. Is that our culture?” (Mathrubhumi 1986: 9)

Bishop Kundukulam may be endorsing here the colonial notions that the East is ‘spiritual’ while the West is materialistic. His words imply the ‘conservative’ outlook prevalent in Kerala as opposed to the ‘liberal’ attitude of the west, and therefore according
to him the play should be banned because it does not seem to fit in ‘our culture’. The bishop’s views are further strengthened by the arguments of Fr. Adappur, an important theological writer of the Catholic Church and a member of the International Anglican-Catholic committee. Fr. Adappur also argues that the play deliberately defames the image of Christ, thus hurting the sentiments of Christians. By subverting the biblical characteristic features of Jesus, Judas, Barabbas, Mary of Magdalene etc, the dramatist, according to Fr. Adappur, is making a dangerous anti-Christian point:

This play is an amplification of a Jesus who sins in order to escape from God, a Jesus who wishes to marry and lead the life of an ordinary human being. We could have accepted or ignored all these facts if the major character was anyone else. But the matter becomes serious, because it is Christ who is shown as a coward and sinner. (Adappur 1989: 10)

The very thought of a Christ who sins is unacceptable to Christians because it is totally against the two thousand year old teachings of the Church. Fr. Adappur also takes offense at the way Christ, the Saviour of mankind, and Judas, his betrayer are contradictorily portrayed: “Judas is pictured as a brave patriot, while Jesus is a weakling and an opportunist.” By listing out certain expletives used against Jesus in the play, like ‘coward’, ‘Roman dog’, ‘worse than whores’, etc, Fr. Adappur argues that the dramatist is portraying Christ not just as a character whom everyone hates, but as a character who should be hated by everyone.

Christ is pictured not as overcoming temptations, but as succumbing to them and committing sins. The prostitute in St. Luke’s Gospel obtains forgiveness of sins from Jesus. She obtains that through her faith and returns in peace. The whole incident is subverted in the play. Magdalene is shown as losing her innocence because of her physical attraction towards Jesus, and because of her frustration she becomes a prostitute ... While the New Testament Jesus forgives the sins of the prostitute, the Jesus in this play confesses his sins to her and begs for forgiveness. In scene 12, Mary, who stands in front of Jesus after being caught for adultery, does not repent at all. (Adappur 1989: 13)

According to Fr. Adappur, the major problem that Christians, regardless of their various denominational differences, have with this play is that the character of Christ depicted here is false and vulgar.

However, not all theologians conform to this point of view. The late Bishop Paulos Mar Paulos, Bishop of the Church of East Trichur, and a member of the panel set up by the High Court to review the play, states in his report submitted to the High Court that, “the play is not profane, blasphemous, sacrilegious, or offensive.” (Court Documents, 1988: 64) Another member of this panel, the late M.M. Thomas, a renowned theologian and a member of the World Council of Churches, and a former Governor of the State of Meghalaya, refuted Fr. Adappur and Bishop Kundukulam’s views on the issue of censorship with regard to The Sixth Holy Wound of Christ. (Thomas 1987: 8) He opines that there is nothing in the play that calls for legal action against the artist’s freedom of expression. Instead of banning the play, he felt that the Church should welcome an open discussion on the play. Thomas argues that the Church, instead of attempting to extinguish those views that question its traditional aspects of belief, should try to study these views. During the period of the early European history, when the Crown and the Church were almost united, religious leaders had persecuted those who opposed their views and interpretations. But M.M. Thomas feels that since the Second Vatican Council of 1962 had officially recognised freedom of religious expression, it is odd that the Church leaders in Kerala called for the prohibition of Antony’s play. He also disputes the claim that such subversions of religious characters and incidents would influence or destroy the faith of ordinary people:

Perhaps the Church labels those who do not have any doubts or apprehensions about its teachings, as ordinary people. But in today’s world, where one is influenced by new systems of thought and especially in Kerala, where the youth are aware of the importance of emerging Dalit and Feminist ideologies, the ‘ordinary man’ is only a minority. The ordinary man does not see Antony’s play or any other play. So this mourning for the sensibility of the ordinary people is meaningless. (Thomas 1987: 24)

According to M.M. Thomas, The Sixth Holy Wound of Christ is only an artistic creation. The dramatist borrowed certain characters and incidents from the Bible and also to a very large extent from The Last Temptation of Christ and used his imagination to shape them in order to suit his theme. M.M. Thomas opines that although the Church agrees that the point where humanness and godliness meet is the consummation of Jesus’ ‘personness’, it has traditionally given importance to his divinity over his more human and mundane characteristics. Thomas feels that it is the humanness of Christ that attracts people towards him and therefore the Church should give importance to modern theological studies that attempt to envisage the humanness in Christ through his humanness. Thomas argues that not only Antony’s play but any interpretation that attempts to understand Christ’s human characteristics should be taken seriously by the Church, and therefore, The Sixth Holy Wound of Christ should be viewed in a more creative manner. Thomas supports Antony’s portrayal of a ‘human Christ’, not by giving credence to his freedom of expression to write anything about anyone, but by questioning the Church’s rigid stance. The Church may have a particular canonical picture of Christ and it may be justified in its refusal to accept anything less than this. However this does not mean that the Church should insist that alternative portrayals of Christ must not exist. In fact, the main reason for the growth and formation of several denominations in Christianity is the fact that each of these denominations interpreted the Bible in its own way. But then we must also note that Antony is subverting the most important entity common to all these denominations. The Church may have every right to protest against Antony’s portrayal of Christ, because it does not adhere to the Church-prescribed representation of Christ. But this protest should not be transformed into a license to demand the total prohibition of an artistic portrayal.
The literati meanwhile, went all out against the call for banning the play. Several of them stood united in their opinion that prohibition is not the way in which a work of art, a product of an artist’s freedom of expression, should be dealt with. The responses of important Malayalam literary personalities of the period appeared in several journals. It is interesting to note that, while none of them had actually seen the play or read its script, all of them felt quite strongly about its prohibition. They argued that the artistic value of a work of art is not as important as the freedom of artistic expression, which paves the way for its creation. The noted novelist, Thakazhi felt that: “the protests against The Sixth Holy Wound of Christ appear to be farcical and also scary; farcical, because some people are trying to protect the personality of Christ, which needs no such protection … scary, because it seems that fascist elements are entering the socio-cultural and artistic arenas.” (Kalakoumudi 1986:6) The noted environmentalist and poetess, Sugatha Kumari also agrees with Thakazhi’s opinion: “it is not Christ who needs anyone’s protection, but in the present context, it is the artist who needs some protection.” (Kalakoumudi 1986:8) In an article entitled, ‘The message of the Cross gets crucified,’ the renowned Malayalam literary critic, Dr. Sukumar Azhikode argues that “Christ himself questioned the existing tradition and beliefs of the Jews of the period, and those who were comfortable with the older beliefs did not encourage this questioning attitude and therefore they crucified this new visionary personality of Christ, which needs no such protection” (Kalakoumudi 1986:6). Azhikode adds that just because a new perspective does not comply with the beliefs of a religious community, its prevalence and progress should not be controlled. It is important to stress here that these mainstream writers and critics had not seen the play or read its script. But their responses were highlighted in literary journals because they belong to the mainstream literary world. All of them are looking at the whole issue only from the viewpoint of the artist’s freedom of expression. This freedom of expression is no doubt, important. But equally pertinent is the question of how the artist has used this. To a certain extent it sounds ‘farcical and also scary’ that the opinions of mainstream literary personalities are given weightage because of their mainstream status and not because they have done a careful study of that which gave rise to voices calling for a ban on the play. In contemporary times, the noted novelist Anand argues that various mystical elements in the life of Christ like the miracles he performed, his crucifixion, resurrection, etc, appear very mythical today: “When historical personalities enter the world of myth, they get separated from the human period in which they lived, and become the possessions of all people and all ages. Therefore no single person has the copyright of what has become the possession of the whole of humanity.” (Anand 1995: 20) Maybe for Anand, Christ is only a mythical figure. But that is not the case as far as a believer is concerned. Anand, unless he discusses Christ beyond His humanity cannot strike a space with the believer. His statement here appears to be a very closed one and therefore difficult to be considered by a believer.

However, there were other literary figures who tried to strike a balance between freedom of expression and communitarian sentiments, and who felt that the dramatist should have been more cautious while tampering with the life history of a very important religious identity. N.V.Krishnavarriyar’s views regarding this matter are interesting: … like any other citizen, the artist also is promised freedom of expression by our constitution and there should not be an attempt to limit or control this freedom … Every citizen has some moral responsibilities towards the constitution. And one of these is to exercise amity towards all religions. There are various religions in India. A writer may not feel that the beliefs of a particular religion are absurd and impractical. Even if he feels like this, he should be responsible enough to make sure that although he might not respect that religion, he must not be contemptuous or scornful towards it. Everybody has this responsibility. (Kalakoumudi 1986: 7)

The noted Malayalam stage actor and director, the late N.N. Pillai also agrees with this viewpoint: “There is a certain innate consciousness in every believer’s mind. One should be careful when one destroys this in the name of art” (Pillai 1987: 8).

What happened as a result of the responses of the architects of the Malayalam literary world was that Antony and his play gained wide coverage in the local newspapers and journals. The play thus became popular because of the controversy it helped to brew. The noted Malayalam atheist, Edamaruku, in his introduction to the textual production of the play writes: “In a sense, I think it was good that Bishop Kundukulam waged a war against The Sixth Holy Wound of Christ. It helped the play in getting the publicity it deserved.” (Edamaruku 1988: 40).

The arguments of these critics and writers are valid and acceptable. But most of them are just not looking at the other side of the issue. It is true Christ does not need anyone’s ‘protection’, that he himself, during his days questioned existing traditions and beliefs’ and that ‘no single person has the copyright of what has become the possession of the whole of humanity.’ But it is necessary to consider how a work of art affects a reader, especially if it is something that is entirely antithetical to what that particular reader and several others like him have been taught and conditioned to accept through centuries as a part of their upbringing. This perhaps, is the ‘inmate consciousness’ that N.N.Pillai is talking about.

It is plausible that what became problematic for the Church was the conceptualisation of Christ as a very ordinary, mundane figure—a man who thinks, feels and acts just like anyone else, a man who is man and not God. According to the teachings of the Church it is God who took the form of man in order to sacrifice Himself for the redemption of mankind: ‘In the beginning was the Word, and the Word was with God, and the Word was God.’ [John 1:1] ‘And the Word was made flesh, and dwelt among us, (and we beheld his glory, the glory as of the only begotten of the Father,) full of grace and truth.’ [John 1:14]
And he began to teach them, that the Son of Man must suffer many things, and be rejected of the elders, and of the chief priests, and scribes, and be killed, and after three days rise again.’ [Mark 8:31]

Antony’s play became problematic because he reshaped the character of the God of a particular community in a way that they found difficult to accept. Antony is part of this community and therefore he must have felt that he can take the freedom of subverting or re-creating the character of his community’s God. In this context, let us try to understand how artistic freedom of expression is to be regarded especially, as prescribed by the Constitution of India.

Article 19 of the Indian Constitution talks about the fundamental rights of a citizen. With regard to this paper, we are specifically concerned with the concept of ‘freedom of expression’.

19. (1) All citizens have the right—
(a) to freedom of speech and expression;
(2) Nothing in sub clause (a) of clause (1) shall affect the operation of any existing law or prevent the state from making any law, in so far as such law imposes reasonable restrictions on the exercise of the right conferred by the said sub clause in the interests of the sovereignty and integrity of India, the security of the state, friendly relations with foreign states, public order, decency or morality, or in relation to contempt of court, defamation or incitement to an offence (Basu 1988: 96).

This is the word of the law regarding the concept of freedom of expression. I would now like to briefly describe the court proceedings with which this is concerned. An appeal filed in the Kerala High Court by T.Parameshwaran, the convenor of Aashayavishkara Samrakshana Samithi, an organisation that gives importance to freedom of speech and expression, led to Justice Sivaraman Nair and Justice Parced Pillai passing an order on 10-4-1987:

… to set up a panel consisting of persons from different shades of opinion to read the script and see the performance of the drama and submit the report to this Court on the need, desirability and justification in imposing and continuing the prohibition against the performance of the drama. (Court Documents 1988: 66)

This panel was headed by T. Chandrasekhara Menon, a retired judge of the High Court of Kerala and the main aim of the panel was “to view the performance of the drama and to express their reasoned opinion as to whether the performance is profane, sacrilegious or blasphemous, and depicts Jesus Christ as a charlatan easily succumbing to worldly temptations or He is depicted as a noble soul who outlives all such temptations.” (Court Documents 1988: 56) The panel constituted fifteen members. Nine of them [N. Sreedhara Menon, Professor of Sanskrit, K.C. Seth, Bishop and Attorney, Jos T.Manjooran, Principal of the Ernakulam Law College, Ernakulam, M.S.Manji, chief editor of the journal ‘Keralakoumudi’, Dr. Benedict MarGregorios, Arch Bishop of Trivandrum, Babu Paul, L.A.S, Chairman of the Cochin Port

Justice John Mathew further says that it does not matter whether this play is an adaptation of The Last Temptation of Christ or whether “the drama has not gone to the extent the author of that novel has gone”.

… whether the drama is an ‘objectionable performance’ or not has to be examined irrespective of the fact whether it is an adaptation of the said novel or not. In the affidavit of the author dated 13th July 1987, the learned author has frankly admitted that he has not pictured Jesus as depicted in the Bible. The cardinal basis of Christian faith is that God became man in the form of Jesus Christ to redeem humanity. Christians believe that he died to redeem the human race from their sins. However, the Christ that is introduced in the drama is not only not God, but a very weak man. He is not only no model to be followed, but a traitor and one who is trying to run away from God. In the drama Jesus becomes redeemer, simply because He happens to go to the monastery when the head of the monastery died. Christ is depicted as a sinner who asks pardon even to Mary Magdalene and brought her back to God. The arrangement of the scenes as well as the script of the drama outrages the religious feelings of Christians. It attempts to alienate the minds of its viewers/readers from love and reverence to God. The drama treats Jesus Christ with contempt and
irreverence. A textual analysis of the script of the drama as well as the dialogue of various characters will wound the religious beliefs, feelings and sentiments of an ordinary Christian … Jesus is depicted as a weakling who does not want to do what he is forced to do, who is not able to do what he wanted to do. Such a characterisation of Jesus will wound the religious feelings of Christians. Whether the characterisation was deliberately intended to outrage the religious feelings of the Christians by insulting or blaspheming Christian religion and religious beliefs and is, therefore an ‘objectionable performance’ as defined in the Kerala Dramatic Performances Act, 1961 … There is no merit in this appeal and it is accordingly dismissed. (Court Documents 1988: 66, 67)

It is important to state that the banning of a work of art is unacceptable. A work of art is meant for an audience. It is for the audience to see and judge for themselves whether they want to be for, or against it. One may have problems with Antony’s play. But that does not mean that the play should not be allowed a certain kind of space that is required for it to exist. I find it extremely difficult to accept Justice Mathew’s views that the play “attempts to alienate the minds of the readers/viewers from love and reverence to God.” I would say that if one’s faith in God is so weak that it can be crumbled by a radical portrayal of God it is very poorly founded and can hardly be called ‘faith’. There is no use in the Church leaders trying to protect the faith of the believers, because I strongly believe that faith is something that is founded on individual personal experience.

Justice Balakrishnan, the other High Court Judge in the case T. Parameshwaran v.s District Collector, Ernakulam and others bases his judgement with reference to The Last Temptation of Christ.

One major drawback is that the dramatist had chosen to imitate the novel and had extracted certain scenes from the novel, The Last Temptation of Christ, but he could not imbibe the spirit of the novel … . The one marked difference between the two is that when the novel reached about fourteenth chapter, Jesus Christ has been described as a Messiah and Saviour of mankind. Then only towards the last chapter Jesus Christ is mentioned as a person who wanted to have worldly pleasures and some details have also been mentioned regarding his friendship with Mary Magdalene and Mary and Martha, the sisters of Lazarus. But all these have been mentioned in the novel as a dream of Jesus Christ and are stated as illusions sent by the Devil. In the drama the playwright has not attempted to portray Jesus like that, and even towards the end of the drama in Scene15, it has been depicted that at the time of the crucifixion Jesus Christ made a violent cry, ‘I am thirsty!’ Whereas in the novel, Jesus Christ uttered a triumphant cry ‘It is accomplished’ and the novelist further says that it was as though he said ‘everything has begun’. This marked difference shown by the dramatist has also created confusion and the spectators who had seen the drama would feel that even by the crucifixion of Jesus Christ, nothing is accomplished and Jesus Christ died as a desperate man (Court Documents 1988: 67).

Justice John Mathews’ decision to ban the play because it hurts the sentiments of Christians sounds more sensible than Justice Balakrishnan trying to negate the play because it does not stay true to Kazantzakis’ novel. It is another matter that The Last Temptation of Christ would have hurt Christian sentiments more, because it actually portrays Christ enjoying the lusts of flesh with Magdalene, and it is not mere ‘friendship’ that Jesus has with Martha and Mary; he fathers their children. But Kazantzakis takes care to keep all these at the level of mere temptations. Anyone who reads the novel and the play may easily come to the conclusion that The Last Temptation of Christ is of superior artistic value than The Sixth Holy Wound of Christ. But a judgement based on artistic quality should not be the criterion here. A work of art should not be banned just because it is artistically inferior to another work by which it has been influenced or inspired. Justice Balakrishnan is doing exactly this. He concludes that The main thrust of argument of the learned counsel for the appellant was that the ban order has impinged upon the freedom of speech and expression guaranteed under Article 19 (a) of the Constitution. Freedom of speech guaranteed by the Constitution is subject to reasonable restriction in the interest of decency or morality. The powers conferred on the Government under the provisions of the Kerala Dramatic Performances Act 1961 are in the general interest of the public and they do not impose any unreasonable restrictions (Court Documents 1988: 67).

The Constitution makes it very clear that the concept of freedom of expression is not something that exists in a vacuum. It emphasizes that this freedom, exercised by one individual must not be harmful to others.
Looking at this from a literary point of view, if our argument is that artistic freedom of expression entitles an artist to write what he wants in any manner that he wants, then, in this post modern world, our argument is a traditional one. Taking the specific example of The Sixth Holy Wound of Christ, all the literati who spoke in support of its creator’s artistic freedom of expression, questioned the traditional notions of the Church’s beliefs and teachings, and urged the religious leaders to be open-minded. But they do not question the traditional notion of artistic freedom of expression. The gamut of political thought and movements like feminism and Dalit movement that have emerged strongly in recent times, emphasise the significance of collective consciousness and collective identities, which are as important as individual identity and individual freedom of expression. Therefore, by merely clinging to the traditional notion of individual freedom of expression, if one attempts to supersede the freedom of collective/community consciousness, by individual/artistic freedom, one might find it hegemonic rather than liberating.

A work of art should never be banned, regardless of whether it conforms to a collective identity or not. Prohibition is, to a very large extent counter-productive. It does not abolish any practice; it only attempts to control this practice at a legalised public level. And non-prohibition does not ensure truth-value to the practice. So the anxiety of the Church to prohibit the play does not guarantee that similar texts that question existing notions of tradition and belief will never appear again. Likewise the ‘intellectual insistence’ on complete freedom of expression does not valorise the authenticity of Christ’s representation. Religious and political leaders may be seen as agencies that invoke communitarian sentiments, while it is the ‘elite-intellectual-middle class’ and the literati who invoke artistic freedom of expression. The fact however, remains that our democratic system does not allow a complete and distinct coexistence of these two concepts. The Constitution clearly favours the collective consciousness of a community as opposed to the concept of freedom of expression, according to which “the law imposes reasonable restriction on the exercise of the right (to freedom of expression)” (Basu 1986: 96).

In recent times, the Vatican has been critical of movies like Angels and Demons and The Da Vinci Code. (http://chennai365.com) Both these films are based on novels by the American writer Dan Brown. Brown became famous through his highly popular novel, The Da Vinci Code. Jesus is not a character in this work of fiction, but the plot revolves around attempts to conceal an age old conspiracy theory, which states that Jesus married Mary Magdalene. The protagonist in the novel, Robert Langdon, attempts to trace the truth behind this. The book sold millions of copies worldwide. The film based on this book was scheduled to be released in India in 2006. In fact, the Censor Board had cleared the film for screening with an ‘A’ (adults only) certificate. But at this juncture, the Ministry of Information and Broadcasting interfered:

Taking a cautious approach, the government has decided not to give clearance to the screening of the controversial film, the Da Vinci Code, till the Information and Broadcasting Ministry and Catholic Church are satisfied the film will not hurt the sensitivity of Christians in the country. Information and Broadcasting Minister P R Dasmunsi told reporters here on Tuesday that he along with members of the Catholic Church, and officials of the I&B ministry and Censor Board would view the movie in camera and only then a decision would be taken about its screening. … the government wants to first establish a mechanism to get the representatives of the Catholic Church of the country satisfied, and only then it would allowed to be exhibited. Asked if he was not creating a bad precedent by watching the movie before it got clearance, the minister said, “I am not creating any bad precedents, but want to see whether the appeal made by the community holds merit. (http://dnaindia.com)

Leaders of religious, social or political groups or organizations cannot be justified, if they demand that a film that contains events or ideologies that are antithetical to their beliefs or faith can be exhibited only after they give clearance for it. The government has set up a Censor Board for this purpose. Nevertheless, inspite of the cautious approach taken by the government, several states like Goa, Nagaland and Punjab delayed the screening of The Da Vinci Code. The State government in Tamil Nadu had the film taken off a few days after it began screening (Parthasaranathy 2009).

Artists should definitely have the liberty to exercise their artistic abilities. But when they deal with religious issues, they must show some concern for the sentiments of a religious community. At the same time, religious leaders must not insist that their tradition and their belief are the only true one. The Church need not accept any other interpretation of Christ other than its own. It may choose to ignore other interpretations; it may strongly criticise and protest against such new perspectives; but insisting that just because certain new ideologies or works of art are disagreeable to the Church, they must not see the light of the day, is denying the freedom for alternative systems of thoughts and/or artistic expressions to exist. These are, of course, personal viewpoints. They may sound ambiguous because of the inability of the writer to take a clear-cut stance either for ‘communitarian sentiments’ or for ‘freedom of expression’. But it is difficult to take a stance in support of one of these concepts by negating the other. Rather a space for the co-existence of these two entities is required—a space where infinite dialogues are possible. One cannot but admire M.M. Thomas’ standpoint on this, “Rather than suppressing those ideologies which question Christology, the Church should be prepared to engage a discourse with these, so that the comprehension, understanding and belief of the believers are strengthened.” (Thomas 1987: 10) But the Church panicked. The Last Temptation of Christ was never banned in Kerala. It was even translated into Malayalam. But unlike a textual production, a play or a movie is a visual form of art. It is seen not just by the intelligentsia or the middle class, but by people from almost all sections of a society. Kazantzakis’ text did not create a huge scandal, but the film based on it with the same title directed by Martin Scorsese provoked
wide protests throughout Europe and America. Similar was the case with The Da Vinci Code. Therefore visual forms of presentation that speak against traditional conceptualisations are often perceived as a greater threat than textual presentations.

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Rajbanshis: The Deprived People of North Bengal (In the State of West Bengal)

Moumita Ghosh Bhattacharyya

Abstract
The Rajbanshi being the indigenous population of north Bengal acquired a vast area of land both operational and homestead and as well as vested lands. But gradually these huge masses of land were transferred to the hands of the migrant population who came and settled in this area over time. These migrants were mostly the Bengalis and the Marwaris who have arrived to the land from various parts of the country throughout the ages. The purpose of the paper is to diagnose the major consequences of land transformation from the hands of the indigenous people to that of the various upper caste Hindus and land mafias for their personal benefits depriving the actual owners and therefore the crucial consequences resulting in countrywide protest and demands for land, demand for separate statehood and a cry for preservation of their ethnicity and traditional identity.

The history concerning the origin of the Rajbanshi population is a mystery. It is said that this community belonged to the great ‘Bodo family’ that entered India in the 10th century B.C. from the east and settled on the banks of the Brahmaputra and gradually spread over Assam and the whole of north Bengal. Some scholars believe that north Bengal is the homeland of the Rajbanshis and they are the local ethnic community dominating the land over years.1 The Rajbanshi is one of the 16 major Scheduled Castes of West Bengal. According to 2001 Census, the Rajbanshis comprised about 18.4 per cent of total Scheduled Caste population of West Bengal. The first introduction in the modern history of the people living in the furthest north of Bengal is found in the accounts of invasion of Baktyar Khilji when he entered Tibet in 1206 A. D.2 According to Dr. Charu Chandra Sanyal, at that time between the country Lakhnavati and Tibet lay the hill or rather the jungle tract which was inhabited by three non-Indian Mongoloid tribes, the Koch, the Mechi and the Tharuns. It is also assumed that modern Assam and a part of Bengal forming the old Kamrup were formerly ruled by many tribes. Danubs, the Kirats, the Asuras, the Burmans, the Chutias and the Pals had swarming either the whole or a part of Kamrup time to time. Then came the Ahoms, the Khens and the Kochs. Initially these people fought among themselves but gradually came closer through matrimonial and other alliances. The Ahoms

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occupied the eastern zone and the Koches started dominating the west zone of Kamrup. Gradually the Koches centered round Cooch-Behar and Baikunthapur.3

Dr. Hunter (1876: 402) observed that, about the close of the 15th century one of the Koch kings Hajo (1510-1587) founded a kingdom in the west portion of Kamrup. The kingdom of Hajo included western half of Assam, eastern half of Morung (Nepal Terai) and the lands bounded on the east by Dhaneswari river, on the west by Konki, on the north by Dallimkotte hills (formerly in Bhutan now in the district of Darjeeling, West Bengal) and on the south Ghoraghat (in East Pakistan, now Bangladesh). This formed the boundary of Hajo’s kingdom at that time.4 His grandson Visva Singha, together with his officers and all people of the condition of the lands he occupied the eastern zone and the Koches started dominating the west zone of Kamrup. Gradually the Koches centered round Cooch-Behar and Baikunthapur.3

Rajbanshis under ‘semi-hinduised aboriginals’.5

The converts abandoned the name Koch and took Rajbanshi. Hunter also noticed that in the districts of Rangpur, Jalpaiguri and Cooch-Behar, the name Rajbanshi, which literally means ‘Royal Race’ was adopted by the Brahmins, initiate Brahmansical ritual in their marriage ceremony and have begun to adopt Brahmical system of ‘Gotras’. In respect of the last point they are now in a curious state of transition, as they have all hit upon the same gotra (Kasyapa) and they habitually transgress the primary rule of Brahmical system which absolutely prohibits marriage within a gotra. They are thoroughly Koch under the name of Rajbanshi.

There is no historical foundation for the claim of Rajbansis to be a provincial variety of Kshatriyas. It is a singular fact that the title Rajbanshi has been adopted by the cultivators and respectable men and Koch being restricted to labourers and specially to the palamquin bearers. Hunter places the Rajbanshis under ‘semi-hinduised aboriginals’.4

Rowny (1882: 146) describes, “Intermarriage of Koch tribes with Hindus has considerably changed their old habits. They resemble the Bengaleese more than any other people. One class of this tribe, the Rajbanshis worship Hindu deities and have adopted Hindu manners”.5

According to Risley (1981: 492), “Koch, Koch- Mandi, Rajbanshi, Palliya and Desi belong to a large Dravidian tribe of North Eastern and Eastern Bengal amongst whom there are grounds for suspecting some admixture of Mongolian blood... the transformation of the Koch into Rajbanshi, the name by which they are now known in Rungpur, Jalpaiguri and Koch or Koch Behar is a singular illustration of the influence exercised by fiction in the mixing of caste... Now the great majority of Koch inhabitants of North Bengal invariably describe themselves as Rajbansis or ‘Bhanga Kshatriyas’. They keep Brahmins, initiate Brahmansical ritual in their marriage ceremony and have begun to adopt Brahmical system of ‘Gotras’. In respect of the last point they are now in a curious state of transition, as they have all hit upon the same gotra (Kasyapa) and they habitually transgress the primary rule of Brahmical system which absolutely prohibits marriage within a gotra. They are thoroughly Koch under the name of Rajbanshi. There is no historical foundation for the claim of Rajbansis to be a provincial variety of Kshatriyas. It is a singular fact that the title Rajbanshi serves much the same purpose for the lower stratum of Hindu population of North Bengal as the title Rajput does for the landholding class of dubious origin all over India. The original nucleus of Rajbanshi was certainly Dravidian”.7

Porter (1931: 474) states, “Some more gotras other than Kasyapa were introduced amongst the Rajbansis. They are i) Kasyapa ii) Sandilya iii) Bhardwaja iv) Gotama v) Savarna vi) Kapila vii) Thandi viii) Batsya (x) Maudaga x) Art xi) Parasara xii) Kausuka xiii) Viswamitra”. He also argues, “The Rajbanshis have now to some extent regularized the anomalous position in which they found themselves into the same gotra (Kasyapa) with the result that all marriages amongst Rajbansis as Kshatriyas would, upon a strict interpretation of Hindu law, have been invalid owing to their being within the same gotra”.5

Thompson (1921: 358) states, “The Rajbansis are the indigenous people of northern Bengal and the third largest Hindu caste in the province. Their total number has been exaggerated by the fact that a number of fisherman caste in Mymensingh, Nadia and Murshidabad returned themselves as Rajbansis. In 1901 many Koches in North Bengal were returned as Rajbansis. Many of the Rajbansis have taken sacred thread and were prepared to use force in support of their claim to be returned as Kshatriyas”.9

Thompson (Ibid: 346- 349) also argued, “No part of the Census in 1891, 1901 and 1911 aroused so much excitement as the return of caste which caused a great deal of heart burning and in some quarters with threats of disturbance of the peace. Rajbanshis claim to be included as- Kshatriya, Bratya Kshatriya, Barua Kshatriya, Kayastha and Hari as- Kshatriya, Kamar as- Kamar Kshatriya, Pod as- Poundra or Bratya Kshatriya, Malo as- Malla or Bratya Kshatriya, Koch as- Koch Kshatriya, Jalia Kaitarta and Tiyer as- Rajbanshi, The feeling ran so high that the census would have broken down completely in Rungpur if this had not been promised”.10

Porter (1931: 473) again states that Koch, Palaia, Rajbanshi were originally the same. The Kavarttas of Assam and North Bengal had more affinity with Rajbanshis. They all claim to be Rajbanshis and all Rajbanshis claimed to be recorded as Kshatriyas at the beginning of the 19th century. The more backward and illiterate members of the Rajbanshi caste still maintain practically inconsistent with orthodox Hindu belief.11

Grierson (1969: 95) comments, “There can be little doubt that the original Koches were same as the Bodos. The Koch, Mech and Bara or Bodo all connoted the same tribe or at most different steps of the same tribe. The name Koch in fact connotes a Hinduiszed Bodo who has abandoned his ancestral religion for Hinduism and ancestral Bodo language for Bengali or Assamese. Rajbansis are the Hinduiszed Koches of Rungpur and Goalpara. Those Koches who are now Hindus, are principally known under the name of Rajbanshi. The Rajbanshi dialect bears many close points of resemblance to the dialect of East Bengal”.12

Gait (1901: xxxviii) describes the Rajbansis of North Bengal, “as a synonym of Koch, this represents a real caste and in this sense only it may be entered in the schedule. The term is also a title of Tiyars, Kaibarttas, Namasaduras and other fishing castes, also of Harus, Mugs in Chittagong and of Bagdis, Mals etc... In Burdwan persons using this title are usually Bagdis if fishermen and Kaibarttas if cultivators”. According to Gait, Dhimals of Darjeeling and Nepal Terai are Rajbanshis.13

S. K. Chatterjee (1998: 60) argues, “The masses of North Bengal areas are very largely of Bodo origin, or mixed Austric
Historical background

The beginning of twentieth century was definitely a turning point for the history of the Rajbanshis of north Bengal. In the colonial literature, the Rajbanshis were generally regarded as a purified group of the Koch (a semi-aboriginal tribe) who had adopted Hindu manners and customs by abandoning some of their traditional cultural practices. The people of India appeared to be sanguine of the singular character of the Koch and Rajbansi and prescribed the latter term as a Hinduised synonym of the former.11 The earliest attempt to write the history of the Rajbansi community was that of Harikishore Adhikari who wrote Rajbansi Kalaprodip in Bengali and published it from Calcutta in 1315 B.C. He based his writings on Hindu scriptures and wanted to prove that Rajbanshis were Kshatriyas and also descendents of a Royal lineage. However it was Kshatriya origin and legitimised the elevation of the Rajbanshis as “twice born” castes that formed a part of the Kshatriya Sabha, the first intellectual of this community who suggested a historical link of the present Rajbansi community with Bhaskar Varman, king of Kamrupa (Present Assam) in 7th century A.D. It is said that after the exit of the Koch from Kamrupa in 12 century A.D, their capital Kamatanagar might have moved into Kamatanagara during the reign of the Khens or Shens in the 15th Century. Husain Shah ousted these Khens and assumed the title “Conqueror of Kamata”. It was in the beginning of 16th Century that the Koch Chieftain Visvasimha drove away the Muslim invaders and established the Narayani dynasty with his capital at Kamatanagar. In course of time he consolidated his power over the entire western part of the region from river Karatoya to the Barnadi, after defeating the local Bhuyans of Assam. In 1562 a Koch army under the leadership of NarNarayana the son of Visvasimha marched to the Ahom capital Garhagaron and annexed it. But soon the kingdom was split into two, Koch Behar and Koch Hajo. Koch Hajo was better known as Kamarupa, a part of modern Assam along the border of river Sankosha. We are here concerned with the region in western Kamarupa which came to be known as Kamata Koch kingdom or Couch Bihar. The Kamata Koch kingdom continued to exist through the vicissitudes of fortunes, through the Anglo Koch treaty of 1773 down to its merger with the Indian union in 1949-50 by the relevant clues from the Vedic Shastras and support of Brahmin Pandits from Kashi, Nabadlip, Mehtila, Kamrup he cited the different code of laws which reinforced their Kshatriya origin and legitimised the elevation of their ritual status into “Kshatriyas”.

In spite of these efforts, the Hinduised poor and illiterate Rajbanshis could not really enter the Hindu fold successfully due to the resistance offered by the high caste Hindus, and in fact fell an easy prey to the insatiable greed of the Brahmins. In the early social setting of this region, the social status of the Rajbanshis was not challenged during the influx of a large number of caste–Hindus immigrants into this clime from some other parts of the country. These people with a strong awareness to casteism started interacting with the indigenous Rajbanshis in differential terms. The Rajbanshis also faced humiliation and objectionable identification by the caste– Hindus. Few such instances of racial misinterpretation and social suppression are: Nagendranath Basu in the early 20th century while writing his World Encyclopaedia (Vishwakosh) mentioned the Rajbanshis as barbarians or (Mlechha) and Bankim Chandra Chattopadhyay in Bengo Darshan moots that the Koch identity cannot be synonymous with Bengali Hindu identity. The Ranjbanishs were even denied entry into the temple of Jagannath Puri by an Act of the Government in the year 1911.

This insensitivity of the upper strata of Bengal intelligence antagonized this community and gave rise to a need for social regeneration among them under the leadership of Rai Saheb Panchanan Barman. Panchanan Barman, a lawyer by profession from Ranagpur district came out with a distinct vision for the upliftment of the Rajbansi community. With the help of the relevant clues from the Vedic Shastras and support of Brahmin Pandits from Kashi, Nabadipl, Mehtila, Kamrup he cited the different code of laws which reinforced their kshatriya origin and legitimised the elevation of their ritual status into “Kshatriyas”.17

Sanskritisation or the assimilation of tribal people into Hindu fold was not smooth. In terms of “cultural approximation”, the Koch-Rajbanshi being people of “little tradition” frame of reference as formulated by Robert Redfield had no access to cultural forms and styles of Great Hindu tradition, and so initially they took the risk of becoming Hindus even if it was only to accept a “berth” in the disadvantageous inferior rank of caste hierarchy. It is through Kshatriya movement that we find the Rajbanshis challenging the lower status assigned to them. While in 1891 the Rajbanshis described themselves as Vrata Kshatriya, from 1911 they began to claim pure Kshatriya status legitimised by priests, genealogists and pundits. In order to gratify their ritual rank aspiration they began to imitate the values, practices and cultural styles of “twice born” castes that formed a part of Hindu great tradition. Since 1912, a number of mass thread wearing ceremonies (Milan Kshetra) were organized in different districts.
by the “Kshatriya Samiti” where lakhs of Rajbanshis donned the sacred thread as a mark of Kshatriya status. The immediate objective of the “Kshatriya Samiti” was to regain the lost social status of the Rajbanshi community in the Hindu social system.

The Kshatriya Samiti also had some other objectives to fulfill. It intended first, to separate the Koch and the Rajbanshi identity emphasizing the superior status of the latter. Second, to legitimize the demand to include the Rajbanshis within the Kshatriya caste. Third, to indoctrinate brahmanical values and practices among the Rajbanshis. The positive aspect of the social upliftment movement organized by the Rangpur Kshatriya Samiti was the creation of the apparent caste solidarity among the Rajbanshis in general and an identity consciousness among the educated and well to do section of the community in particular. Both these efforts, one in the early stage of the establishment of the Koch Kingdom and the other in the early 19th century were an attempt to eliminate the alienation of the community and emphasize the identity of the Rajbanshis within the Hindu caste fold. Both the times they tried to elevate their status staying within the caste hierarchy but the nature of social relationship between the Rajbanshis and the other “higher castes” and, the rules specifying this relationship remained more or less unaltered despite the Rajbanshis attempt to steadily change their own identity.

It is a fact that mere placing to a higher Varna category did not serve the Rajbanshis to elevate their status in social hierarchy at the local level because there were enormous hindrances to implement their ideas of social upliftment and the acid test was experienced when the general Hindu community showed their attitude to this effect. The caste Hindu opinion was in general against any upliftment of the Rajbanshis in terms of social hierarchy. For example, the caste Hindu ‘zamindar’ and professionals protested strongly against the demand placed by the Rangpur Vratya Kshatriya Jatir Unnati Vidhayani Sabha to write Vratya Kshatriya as the caste before the Rajbanshis. Infact they put forward this protest to Mr. F.A. Skyne, the then District Magistrate of Rangpur. All the more when the community donned sacred thread on Feb 10, 1912 at Perolbani, Mr. J.S. Milligan, and the then D.M. of Rangpur remained present with a group of armed constables in case caste Hindu people might attempt to create disturbance and frustrate the ceremony. In the given circumstances, it may be presumed that the Rajbanshis were not treated at par with the respectable caste groups inspite of their attempt to Kshatriya mobility. This may also be the background for a deliberate attempt to establish separate student hostels to board and lodge the Rajbanshi students who were even victims of humiliation and social discrimination from their caste Hindu contemporaries. At the same time donning of sacred thread, the symbolic justification of Kshatriya caste group, did not help them to be at par with the Brahmins who were to serve the upper caste Hindus. Thus social emulation only increased their detachment from the social groups with whom they co-habited or lived for centuries.

The above arguments are likely to state that the Koches are non-Aryans in origin. Some of them adopted Hinduism and became Rajbanshis. These Rajbanshis afterwards claimed themselves to be Khastriyas. The social organization, cultural and religious practices, educational profile and economic position of the Rajbanshis need to be discussed in order to locate them in the confined socio-economic structure.

The anthropological past of the Rajbanshis has been wonderfully described in an article by Dipak Kumar Roy (2006:74 in Roy, Nikhilsh ed. Degor), with a detailed genealogy of the Rajbanshi community, its origin and the division, which can be helpful to understand the history of the community.

RAJBANSHI

Indo-Mongolid

KOCH > Hinduization

Social Sub-Group

(Madashi, Saru, Koch (Rabha), Heremiya, Koch-Kahar(Rawani Kahar), Morangiya (Samtiya, Thunthuniya, Rabaniya, Pavudharan, Deshiya, [Baradeshi (Dhanuya), Charadeshi (Dhokoi, Dhyakra, Dhunikoch)], Paliya (Matuyan or Babupali, Sadhupali)

(Kshatriyization > Other Communities-Dhimul,
| Tharu, Jalta, Rabha, Hozong, Mech, | Baidar etc.
| > Koch-Rajbanshi+ Bhatiya= | Dobhashiya

THE RAJBANSHI SOCIETY
Family Pattern of the Rajbanshis

Family was the basic unit of the Rajbanshi community and they normally lived in joint families,20 which were patrilineal and patrilocal and generally the eldest male member was considered as the head of the family.21 The Rajbanshi community had a simple rectilinear structure and the concept of ‘Kasyap’,23 and marriage within the same ‘gotra’, i.e. ‘gotras’, but constituted a single endogamous group. They had only one ‘gotra’, i.e. ‘Kasyap’,27 and marriage within the same ‘gotra’ was therefore a common practice.

Most of the Rajbanshis lived in villages, which were very thinly populated and had developed around the house of a ‘jotedar’ or ‘giri’. Villages were scattered and in every village there were various habitats and each group was called a ‘tari’ (hamlet). A ‘tari’ consisted of a few kin or non-kin households.24

The ‘jotedars’ or ‘giris’ who generally stayed in villages with their share- croppers, followed lifestyles and cultural practices which were very much in common with these share-croppers, a majority of whom belonged to the same community. However, this situation began to change from the late nineteenth century as a result of migration of non-Rajbanshi settlers into the districts of north Bengal. This change was also due to various other colonial and urban influences which compelled the ‘jotedars’ to change their attitudes.25

Occupation of the Rajbanshis

Agriculture being the only basic means of livelihood, most of the Rajbanshis started their daily work early in the morning, either with ploughing, sowing or other kinds of related work in the field. A Rajbanshi farmer took his meal after returning home at noon. After the completion of the day’s work they gathered in the evening either in the house of the landlords or in one of their own houses and enjoyed the evening by smoking ‘hukka’ or participating in ‘Hari Sankirtan’.26

The Rajbanshi women had to work more than their men folk. They not only managed household chores, but also assisted their men in fields regarding transplanting paddy or reaping it. They collected dry woods for cooking and sold agricultural products in the market. Thus the contributions of the women in the Rajbanshi families were significant and as a result encouraged the men folk to tie the knot with more than one wife.27 There were no restrictions on the free movement of the women and they enjoyed much more equality, compared to what upper castes women did, which is also true in the present situation and things have not changed so much.

Marriage Practices of the Rajbanshis

During the late nineteenth century, marriage in Bengali society was naturally different in form in different sections of people. With the Hindu upper classes, marriage was not often considered as primarily a union between two partners to raise a new family, but as a social institution to serve the whole household of the bridegroom.28 In such cases, the bride was almost a part of property fleeting from one family to another. Marriage assumed the character of family alliances rather than individual partnerships.29 The system of dowry was very much prevalent and mandatory. Under the traditional Hindu law, the permission for divorce was not granted and marriage was a life- long affair. Upper class women were always trained from their very childhood to submit to their elders and not to question their authority.30

Among the Bengali Hindus, the lower class women married at an age later than ten years to a much larger extent than the upper caste Hindu women. The father of an unmarried girl above ten was not usually communally censured as in the upper stratum of the society.31 Early marriage was more common among the Hinduised than among the non- hinduised aboriginals of Bengal. Polyandry was occasionally present but polygamy was rare among the aboriginals. Amongst the Santals, a Santal wife could divorce her husband if he secured a second wife without her permission. Often the husband’s brother would keep the widow as his wife or one of the co- wives. There was no dowry system.

One of the forms of tribal marriage was ‘marriage by service’, where the bridegroom had to render free service for a period to the bride’s father. This was prevalent among the Santals, Moondas, Oraons, Rajbanshis and Haris. ‘Marriage by throwing each other’s blood’ was a system of engagement in the Hari tribes of Bengal in which the bride and the bridegroom would bring out blood from their fingers by pricking with thorns and would smear it on each other’s body. ‘Marriage by throwing vermilion’ on the bride’s head was practiced among the Santals, Moondas, Oraons and Haris.

The Rajbanshis had certain distinctive characteristics regarding their marriage practices and customs. Marriage within the same ‘gotra’ was a common practice, though it was a deviation from the prevailing ‘orthodox Brahminical culture’.32 Marriages were arranged through professional match-makers called ‘ghatak’. The ceremony used to hold
on an auspicious day pre- determined by the priest. The practice of paying bride price was prevalent and the initiative for marriage proposal used to come from the bridegroom's family. Two types of marriage were in form- both 1) regular and 2) irregular.

1. Regular Forms of Marriage

a) Phul- biha; Phul- bio; Phulmara- biha: This was the most regular form of marriage. This form of marriage was generally adopted and accepted by society as the ideal and real form of marriage. In this form the boy was married to a virgin girl.

According to custom, the marriage crown (phul or Sahera) used to be tied on the head of the bride and the bride- groom. Marriage was solemnized by a priest or ‘adhikari’.

b) Ghor- dzia biha: This was another regular form of marriage. In this form an orphan or a poor boy who could not pay the bride price was kept in the house of the girl and after sometime, if the girl’s father was satisfied with the nature and behaviour of the boy, he was married to his daughter in a regular form of marriage.

2. Irregular Forms of Marriage

a) Panichita: This was one of the irregular forms of marriage. When a young man could not pay bride price, he approached the guardian of a girl ‘to sprinkle’, with consent of the elders, ‘some water with the twig of a mango tree on the head of the girl and the boy’. Then the couple was allowed to live together like husband and wife, and this was known as panichita form of marriage.

b) Chotroldani: According to chotroldani form of marriage, a married woman was remarried while her husband was alive. This was very rare in practice and it occurred only when the first husband could not maintain his wife or a covetous father wanted money by giving his daughter to a second marriage. Child marriage was not prevalent among the Rajbanshi, while widow remarriage was. Two well- known forms of widow remarriage were

i) Ga- gouch and Dangua.

ii) Dangua: Again if a widow owning property invited a man to live with her as a protector and look after her property, it was called ga- gouch.

Therefore, among the Rajbanshi, marriage was mainly viewed as unification between man and woman and there were not many complexities in marriage practices. Similarly, divorce was also a simple affair and no claim of maintenance allowance was made after divorce. Cross- cousin marriages and marriages between brothers and sisters were not allowed. As there was no clan organization among the Rajbanshi, matrimonial alliances were determined by kinship and marriages were arranged within their ‘culture- group’. Marriage outside the Rajbanshi community was not objected to but they seemed to have a marked preference for marriage with the upper caste Hindus, rather than the Mech, Koch, Rabha, etc. whom they considered inferior in social ranking. From the above discussion, it is clear that marriage practices among the Rajbanshi were different from the existing marriage norms among the upper caste Bengali Hindus and women occupied an important social status.

Religion Practiced by the Rajbanshis

Saiivism and Vaishnavism were popular religious practices among Rajbanshis, which differentiated them from the upper caste Hindus of Bengal. Vaishnavism was adhered to by more people, as J. A Vas had observed, “The Rajbanshis who form the bulk of Hindu population, profess to be Vaishnava, but the religion they practice is not free from aboriginal rites.” The majority of the Rajbanshis took part in ‘kirtan’ which is a form of collective singing of devotional songs, had also a special appeal for them. They did not worship any deity of the Hindu pantheon, nor did they worship any clay images. They worshipped nature, as represented in the form of ‘stupa’ or ‘munda’, which were worshipped for the welfare of the community.45 The Hindu official great gods, i.e. the Devas or the shining ones are not worshipped here in any particular place or locality and there is no temple or shrine to any of them or any of the minor deities.46 They also worshipped ‘Bisahari’, ‘Siddeshewari’, ‘Kali’, ‘Durga’ and the river goddesses.

The Rajbanshi had their own priests known as ‘adhikari’, ‘deosi’, ‘deolda’, etc., who officiated in their religious ceremonies. The ‘adhikari’ also lived on agriculture like the other Rajbanshi but he enjoyed a special status in the society. He was the village priest and officiated in all ceremonies in the village. The ‘deo’ performed the worship in the temple and at the ‘charak’ festival. The ‘deo’ performed fire sacrifice and other ‘ tantric’ rites and sometimes became the medium through which god was supposed to prescribe remedies for various problems.47 In other terms the Rajbanshi lacked ritual specialization and the well- known Sanskrit religious elements of upper caste Hindus. The absence of clay images or Brahmin priests and the worshipping of the natural forces- all these distinguished their religion from that of the upper caste Hindus of Bengal and points towards their tribal origin. Over a period of time there was absorption of the Rajbanshi traditional deities, rituals, and believes into those of the orthodox Hindu culture. The most important features of this acculturation were the worshipping of the clay images and the induction of Brahmin priests for performing religious rites, all of which they adopted at a larger stage from the conventional high caste Hindus.

Education

At the beginning of the 19th century there was in orthodox Indian society a fairly common prejudice that education was sinful for women and that educated women were even likely to be widowed.48 This relentless superstition was, however, disregarded by some open-minded members of the upper classes, who tried to educate their women folk even before 1819 (the date of the first regular girls’ school in Bengal, open to all), to enable them perhaps to manage their properties in the event of widowhood. Apart from this, some women tried to educate themselves without undue publicity49 to be able to read, specially the religious books.50

The formal girls’ schools of Bengal were started in different stages and each in a different setting. First from 1807 the Christian missionaries started a school for the Christian convents; from 1819 the Christian missionaries ran schools, open to all but with compulsory instruction in the Christian scriptures. In 1847 some enlightened Bengaliks founded the Barasat School for orthodox Hindus. In 1849,
Mr. Bethune founded his school on a secular basis and in 1854 the government entered in the field of women’s education in Bengal. By 1869 there were 2351 girls in aided schools in Bengal and the number rose to 41,349 in 1881-82.

Gradually this plan was followed by other missionaries. But these efforts were not sufficient enough because a huge number of girls could not avail these opportunities. The Scott missionaries had attracted the attention of the general lack of interest on the part of the local people, as also to the inadequate opportunities available for education. In the state of West Bengal the Rajbanshis having more than 33 lakhs population constitute 35.8 percent of the total Scheduled Caste population of the state.

In West Bengal among all Scheduled Castes, 59 percent of the population is literate, which is higher than the aggregated national average for Scheduled Castes which is 54.7 percent. The gender gap in literacy among Scheduled castes is quite conspicuous with the case of north Bengal, compared to other parts of Bengal. This can be ascribed to the general lack of interest on the part of the local people, as also to the inadequate opportunities available for education. In the state of West Bengal the Rajbanshis having more than 33 lakhs population constitute 35.8 percent of the total Scheduled Caste population of the state.

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<td>North Bengal</td>
<td>12.83</td>
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In 1971, only 8 percent of the Rajbanshi female population was literate and which had poorly increased by 12 percent in 1981. The Rajbanshi of north Bengal had not been enough aware of educating themselves or concerned about various literacy drives of the time. Table 4 shows that about 24 percent of the Rajbanshis were literates in 1981. This statistics was 13 percent and 16 percent during 1961 and 1971 respectively. Among the male population, the percentage of literates was 24 in 1971, and which has gone up to 35 percent in 1981. 

To judge the level of socio-cultural advancement of any community, the best index is literacy. However, till 1981, the Rajbanshis of north Bengal had not been enough aware of educating themselves or concerned about various literacy drives of the time. Table 4 shows that about 24 percent of the Rajbanshis were literates in 1981. This statistics was 13 percent and 16 percent during 1961 and 1971 respectively. Among the male population, the percentage of literates was 24 in 1971, and which has gone up to 35 percent in 1981. But the female literacy portray an inferior picture. In 1971, only 8 percent of the Rajbanshi female population was literate.
Rajbanshis: The Deprived People of North Bengal (in the State of West Bengal)

Among the Rajbanshis, only about 1 percent of Rajbanshi males and about 0.41 percent of Rajbanshi females were matriculate in 1961. The Rajbanshi female literates had education up to primary/junior basic/secondary middle standard. The proportionate of Rajbanshi male literates without any formal education was marginal. Thus, it seems that up to 1981 the Rajbanshis of North Bengal were less privileged or responsive to higher education.

According to Table 5 it is noticed that in 1981, about 7.8 percent of Rajbanshi male and about 4 percent of Rajbanshi female literates had education up to matriculation and above of it. The majority of their male (56 percent) and female (51 percent) literates were educated up to primary/junior basic/secondary middle standard. The proportionate of Rajbanshi male literates without any formal education was 37.04 percent as opposed to 45.10 percent of the female literates. Thus in all the districts of North Bengal, 52-57 percent of the Rajbanshi male and 44-52 percent of Rajbanshi female literates had education up to primary/secondary middle standard.

Among the Rajbanshis, only about 1 percent of their male and 0.41 percent of female literates were matriculate in 1961. The Rajbanshi female literates had education up to primary/junior basic/secondary middle. The proportionate of Rajbanshi male literates without any formal education was marginal. Thus, it seems that up to 1981 the Rajbanshis of North Bengal were less privileged or responsive to higher education. The rate of decrease was from 3.2 percent for males and 9.1 percent for females. In contrast to that, there was a significant increase in the proportion of the Rajbanshi female literates from 1971-81. According to Table 5 it is noticed that in 1981, about 7.8 percent of Rajbanshi male and about 4 percent of Rajbanshi female literates had education up to matriculation and above of it. The majority of their male (56 percent) and female (51 percent) literates were educated up to primary/junior basic/secondary middle standard. The proportionate of Rajbanshi male literates without any formal education was 37.04 percent as opposed to 45.10 percent of the female literates. Thus in all the districts of North Bengal, 52-57 percent of the Rajbanshi male and 44-52 percent of Rajbanshi female literates had education up to primary/secondary middle standard.

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Again in this table, there is district wise variation in the literacy of the Rajbanshis. In Darjeeling district, the percentage of literates among the Rajbanshis was 27.21 in 1981. Then in Cooch Behar it is 25.90 percent and in Jalpaiguri, 23.8 percent. On the lower side, the Rajbanshis of Malda and West Dinajpur had relatively low literacy rate with 19.42 and 20.47 percent respectively. But it is clearly understood that between 1971 and 1981, the literacy rate of Rajbanshi literates being educated up to matriculation and above is only 6.51 percent. Thus it seems that up to 1981 the Rajbanshis of North Bengal were less privileged or responsive to higher education.
is to understand the different ranks of cultivators and their corresponding rights and privileges in the local agrarian structure. The reasons for the development of this rich farmers’ sharecropper system in this area were varied. There were vast stretches of uncultivated land, which were given to rich men at very low rents in order to motivate them to bring waste land under cultivation. These rich men gave the lands to poor cultivators, initially for no or minimum return. But once cultivation started regularly, the cultivators paid, generally in kind, half of the produce to the original title holder. Thus the cultivators who reclaimed the waste land became the share-croppers and the rich men by virtue of their economic supremacy became the land lords. This system of leasing out land existed in north Bengal in pre-British and during British rule and it became much more popular among the ample landholders.

Another reason for growing popularity of the share-cropping system in this region was the scarcity of labour compared to availability of land, resulting in land being less precious than labour. F.B. Hamilton, an early twentieth-century observer wrote, ‘the most remarkable circumstance is that with this overwhelming population, there is a general complaint of a scarcity of workmen. The waste lands are attributed to a want of farmers, and common workmen or porters cannot be procured without the utmost difficulty.’ There were also certain other factors which contributed to the expansion of share-cropping system like-effects of war, and the depression, price hike, purchase of land by moneylenders and merchants etc.

The agrarian structure shows that the ‘zamindar’ was at the top of the hierarchy. Government allotted him land in return of the payment of a fixed amount of revenue. Under the ‘zamindar’ was the ‘jotedar’, who got land from the ‘zamindar’, subject to the payment of rent at prevailing rates. The rent paid by the ‘jotedar’ was subject to enhancement. Though the ‘jotedars’ formed an exclusive group of landholders, among them there were differences in terms of the amounts of land held. There were very big ‘jotedars’ as well as good number of small ‘jotedars’. According to A. Betelle’s observation, ‘jotedars’ were not an economically homogenous group and there were rich and poor ‘jotedars’, owning or cultivating large as well as small lands.

There were enormous variations in the size of ‘jotes’ in different districts of north Bengal. Hunter argued, ‘The ‘jotedars’ can undercut their holdings to inferior tenants or farmers, and also transfer all the rights and privileges they themselves derive from the proprietors. These subtenants or farmers have the power of again subletting their lands to holders of the third degree and so on.’ So under the ‘jotedar’ was ‘chukanidar’, who paid a fixed rent to ‘jotedar’ and the latter could not expel him from land if he paid the rent on a regular basis. His title to his holding was heritable and transferable. The ‘chukanidar’ could again sublet land to ‘dar-chukanidars’ and the ‘dar-achukanidar’ was the under tenant of ‘dar-chukanidars’. All these under tenants had occupancy rights in Couch-Behar, but not elsewhere.

The ‘adhiairs’ were poor labourers who had very little land of their own. They were regarded ‘more as the servants of the jotedar, or landlord, than as independent landholders’. Usually an ‘adhiair’ paid rent to the landlord in kind, i.e. half of the crops that he produced on the land given to him by the landlord. As a result the ‘adhiair’ was in an unremitting state of debt and had very little resources to improve his position. He had to take advance from his landlord to survive, and the landlord used to charge heavy interests during harvest time. Though there were variations in the position of the ‘adhiairs’ in different parts of north Bengal. But it was this section of peasantry who had to bear the major burden of exploitation by the state and the landlords.

Thus, the fact that emerges from the above discussion is that the ‘jotedars’ constituted the most dominating cluster in local agrarian social structure. In this context, an important point is to be noted-it was the absence of non-cultivating upper caste gentry in north Bengal. There was a class of upper caste gentry in east and some other parts of Bengal, who owned substantial amount of land. But they themselves did not cultivate their land, because physical labour was a matter of impertinence in society. They, however, enjoyed maximum power in society by virtue of their economic and social position. This was not the situation of north Bengal. Till the advent of the nineteenth century most of the land in north Bengal was in the possession of the local people, i.e. the Koches, the Rajbanshis, the Meches, etc. Unlike the upper caste gentry, these local people did not face the problem of status discrepancy if they themselves cultivated the land. But the situation began to change from the late nineteenth century with the immigration of the upper caste Hindu gentry in this area. Not only did they consolidate their position as a non-cultivating gentry, they also came to form a middle class at the village level as it was from this group that the majority of the ‘zamindari’ agents and the staff of the local ‘cutchery’ were recruited. They took advantage of the backwardness of the local cultivators or poor ryots and began to exploit them. As Rangpur Settlement Report noted:

‘These men, of whom one or two are to be found in almost every village, are the leaders of local factions who by a smattering of legal knowledge and ready wit, have gained the confidence of their co-villagers. Often they are retained by the zamindar’s staff and in return for land at favourable rates of rent or even rent free they watch their interests.’

The mind-set of the ‘jotedars’ belonging to local ethnic groups also changed considerably as they came in contact with this upper caste gentry. The prevailing practice of the ‘jotedars’ themselves cultivating their land was now increasingly discontinued and a class of non-cultivating ‘jotedars’ extended.

However, the focus of the study is to situate the Rajbanshis in this local agrarian structure. It is not possible to determine the exact numerical status of the Rajbanshis in different categories of tenure holders due to the non-availability of date. From the available sources it can be assumed that there was a fair representation of the Rajbanshis among the ‘jotedars’, till about the late nineteenth century. They were the local people and since there were not many takers of the waste land at the initial stage, they could secure for themselves a dominant position in the local agrarian structure. There were, however, subsequent changes in the pattern of land control in north Bengal, with the result that
the Rajbanshis were gradually pushed out by the non-Rajbanshi landholders from their position of eminence. In 1911 only 1.2 percent of the Rajbanshis who had any occupation derived their income from rent. In the Rajshahi division, which contained the major concentration of this caste population, they constituted only 10.68 percent of the rent-concentration of this caste population, they were perceptively more resourceful than the local inhabitants, grabbed a large number of ‘jotes’.77 Thus, in all over north Bengal this phenomenon of transfer of land from the hands of the Rajbanshis to those of the non-Rajbanshis became a standard pattern and in course of time it generated a sense of grievance among the dispossessed Rajbanshi gentry. Later on this took an ethnic dimension as the Rajbanshi elites tried to raise caste sentiments among members of their community. Alienated from their land and traditional occupation, eroded of their cultural and linguistic identity they find themselves at the receiving end of a degrading eco-system, an alien social structure which is indifferent to their traditional identity. This has lead to a feeling of dispossession and disillusionment among the Rajbanshis who are now growing more and more identity conscious, in terms of their history, language, traditional social structure, occupation and land rights.

Dislodgment for marginal communities is a catastrophe; it disrupts an entire way of life. It involves a distress, which can never be fully compensated in economic

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changes in the existing agrarian social structure. National development policies were based on large-scale creation of infrastructure and industries, all of which required acquisition of land. As it happens, a large part of our natural resources lies in the hilly and forest areas, mostly inhabited by tribals and backward castes—some of the most disadvantaged sections of the population. Following past colonial practice, land has been acquired in exercise of the principle of “eminent domain” which confers upon the government the power to take over private property for public purpose. Thus involuntary resettlement has been the unintended companion of development.

In most cases, compensation for land acquisition has been paid in cash, lower than the prevailing market prices. While the privileged castes had a better absorptive capacity for this form of compensation, for the tribals and Scheduled Caste communities displacement has meant a loss of livelihood and habitat, severance from an eco-system that had sustained them earlier and above all social disruption. But the Rajbanshis who constituted the bulk of the ‘adhiars’ of north Bengal did not benefit from this transformation. They were the cultivators and therefore the worst sufferers and it was the poor peasants and ‘adhiars’ who were mainly affected.

Although there have been few efforts to soften the impact of displacement on these deprived groups through protective land legislation, distributive land reforms, and a generating awareness of the value of land, all of which have meant that they are still left with a corpus of land resource. However acquisition has still lead to a depletion of this corpus. It should also be added here that tribal and the backward castes derive a large part of their sustenance from common property resources (CPRs), including the adjoining forests. Thus even if there is no actual acquisition of the land formally belonging to the tribals or backward castes, the acquisition of forest lands for setting up of mega projects and cash crop plantations results in the depletion of their sources of livelihood.

The Koch Rajbanshi community during every state of its history has thus shown strong tendencies of acculturation and assimilation only to be thwarted off by the mainstream society. The transition from small tribal kingdom to the status of a Hindu princely state during the British rule has experienced contacts with different cultures. The tribal kings began to import bureaucracy and statecraft from the Hindu world. Important offices of the kingdom such as the Prime Minister and clerical jobs began to be filled by people from the Bengal plain. This process of Hinduisation of the State mechanism had the potential to not only undermine tribal polity but also their traditional economy.

Moreover the dynamics of the Rajbanshi society show that since early part of 20th century the “Jotedars” and “Izaradar’s” of this community gradually lost their economic dominance over others because of considerable alteration in the traditional land ownership structure. The changes in the land holding pattern led to the emergence of a new class of landed society. This was the result of three things, firstly confusion arising out of the introduction and subsequent abolition of new systems of land reforms like the Izaradari system. Secondly, the gradual influx of the Bengalis and the Marwari merchants. Thirdly, the growth of economic indebtedness among the common people or cultivators.

In the year 1986, environmental degradation in the coffee plantations of Brazil led to a fall in its demand in the international market, but at the same time the demand for tea grew at an alarming rate. The north-eastern part of India being climatically suitable for the growth of tea, plunged at this golden opportunity. North Bengal was not far behind. The process of land dispossession among the local Rajbanshis had already begun; the growth of tea plantation only aggravated the situation. Their traditional mode of cultivation, lackadaisical life style, and poverty made them poor competitors to the innovative, hardworking and shrewd designs of the immigrant Bengalis. Lacking the essential expertise for cultivation, land for them has never been a means of capital accumulation and economic mobility. In fact very often they have used land merely as a “commodity” for its exchange value, and more often than not ended up with money less than the value of the land. Very often, due to their impoverished state the Rajbanshis have sold their land either to get a daughter married or to perform the last rites of parents and sometimes even to pay the land revenue which they could not afford. Now, with urbanization and industrialization their situation worsened. Finding no special concessions and facilities for agricultural holding from the Government these poor Rajbanshis slowly started to sell their land to the upwardly mobile tea cultivator. In cases when they did not sell the land, paddy fields were transformed into small tea gardens which were more economically viable. The
gradual encroachment of the agricultural economy by tea and other cash crops gave rise to an impovished local economy, and led to the drainage of local capital into national and international markets. In order to safeguard the land rights of local Rajbanshis from land mafias and illegal acquisition of paddy lands the West Bengal Govt had formulated a well defined policy for land acquisition. According to it:

1. Tea gardens cannot be grown on paddy low lands.
2. No tea gardens can be started on the teaesta irrigation project land.
3. No Rajbanshi land can be acquired for tea cultivation
4. “Patta” or “Barga” land cannot be used for tea cultivation.

But more often than not, most of these guidelines were violated, resulting into a situation where a land mafia of businessman-politician nexus monopolized tea cultivation. Although one can hardly argue that most of these land was acquired through legal procedure but what remains to be seen is whether these iliterate community was in a position to get the prevailing market price for their land. Secondly the Rajbanshi landlords, (few in number) had a structural difference with the Bengali or Marwari owners of land. These simpliminded people did not find it difficult to escape the looping designs of the immigrant community, nor could they understand the complications of the legal system.

This illegal land acquisition had an impact not only on their economy, but also on their health and social structure. Replacement of food crop economy by cash crop economy and indiscriminate use of chemical fertilizers and pesticides reduced the productivity of agricultural holdings. It also adversely affected “fishing” which had been so far an important mode of subsistence for them. Left with very little choice Rajbanshi’s were forced to migrate into the nearby urban areas only to be absorbed into the marginalized sections of the wider society. They formed the bulk of the proletariat-rickshaw pullers, construction workers, domestic servants whose survival depended upon the selling of their labour power. Alienation from their ancestral land and the transformation of Rajbanshi from land owning peasants to wage labour proletariats had various social connotations too.

The Kamtapuri movement which has seen a recent upsurge in the Jalpaiguri, Dhubguri, Cooch Bihar, Naxalbari, Fasidewa and other neighboring districts of North Bengal is an ultimate outcome of the struggle for power and the associated privileges between the indigenous communities (particularly the Koch Rajbanshis) and the Bengali and Marwari immigrants. It exemplifies the efforts of an indigenous community in putting up a resistance to their gradual economic marginalisation and erosion of cultural and linguistic identity in the guise of a development process which was primarily derived through land acquisition.

All these along with the indifferent attitude of the Government for an all round development of north Bengal have led to the creation of the sentiment of Kamtapuri People Party (KPP) for the formation of a separate Kamtapur State. In fact, it was from 1940 onwards that the Rajbanshis of north Bengal began to claim for a separate state of Kamatapur. A few intellectuals of the community came forward to write their history and establish a link between the present and it’s glorious past. Sanskrit scriptures were widely quoted, legends interpreted folk songs and ballads rewritten. The objective was to build a concrete history of these people and bring to light the bright tradition of this community. The Rajbanshi elites maintained a distance with the rest of the Bengals caste society who they referred to as “Vinnajati”, and made it a slogan to dissociate themselves in their social behavior and interaction. Before Independence Shri Jogendranath Mondal a Nomoshudro gentleman from undivided Bengal, leading the cause of the backward classes had demanded a separate state for Rajbanshis, called “Rajar-sthan” or abode of king. He feared that if Bengal was divided, a section of the backward classes would be dominated by the upper caste Hindus while the other would be under the Muslims. The division of Bengal would thus only weaken the Rajbanshis who would then be a weak force in Bengal politics. These sentiments of alienation which is today part of the Rajbanshi community can be historically traced back into their earlier efforts of social and cultural assimilation, and the resultant apathy shown by the mainstream society.

The movement for self-respect was organised by the members of the affluent section of the Rajbanshi community. From the 1890s, the influence of Sanskritisation could be clearly seen and there was an effort to characterise the Rajbanshis as Vrata (fallen) Kshatriyas. At the same time, from 1912 onwards the Rajbanshi elite organised a series of mass thread wearing ceremonies in order to boast their Kshatriya status. Moreover, efforts were also undertaken to establish links with the Bharatiya Kshatriya Mahasabha.

Women’s Contribution in Economic Development

Unlike African countries where female farming and shifting agriculture is predominant and plough is not used, in Asian countries like India, the agricultural work through plough cultivation is distributed between the two sexes in a very different way. The main farming instrument in this region, the plough, is used by men helped by draught animals, and only the hand operations- or some of them are left for women to perform.29

Table 7 shows the regions of India where plough cultivation is predominant. The samples from regions of plough cultivation in India show a predominantly male family labour force, because a large proportion of women in cultivator families are completely exempted from work in the fields. The land is prepared for sowing by men using draught animals, and this thorough land preparation leaves need for weeding the crop, which is usually the women’s task. Therefore, women contribute mainly to harvest work and to the care of domestic animals and household chores.

The Influence of Caste on Women’s Work and Wages

A large number of village studies from all parts of India describe the intricate hierarchical pattern of work in Indian villages. The description of the social pattern of a village in Andhra Pradesh in South East India may be mentioned as an example. The author of the study, S. C. Dube, found four main social...
groups. In the top group of high-caste people women took no part in any outdoor activities and many observed ‘purdah’, i.e. they never left the house unveiled. Their husbands’ agricultural work was restricted to the supervision of those who performed the actual manual work. Below this top group was the local cultivator caste. Their women were occupied mainly with domestic duties and never earned money for the support of the family, while the men would plough their own fields. In the third group of ordinary low-caste people, women assisted their husbands in the fields and they also went to the market. They worked mainly within the family framework and in their own fields, although they might work for a wage in the busy season. The fourth and lowest social group was composed of women belonging to the poorest of the low castes who were expected regularly to seek paid work for the support of their families.

Thus, within the social microcosm of a single Indian village we can clearly identify the different types of female work pattern which we have described as being characteristic of various parts of the world at large. First, there is the veiled, non-working woman of the Middle East. Secondly we have the domestic wife who contributes very little to farming; this we recognize as the characteristic type of many Latin American countries. The third type is that of the active family worker who must carry a large share of the burden of work in the family farm and who may occasionally work for others. She is characteristic of the South East Asian scene. And, fourthly, we find the ‘African type’ of woman who cannot expect to be supported by her husband, but must fend independently for her own support and that of her own family by accepting whatever she can find.

India has an interesting history of rise of agricultural labour. An average traditional village is inhabited by a dominant land owning caste and several other occupational castes and groups. These various castes had till the end of the British rule an inter-relationship of rights and obligations towards each other. Wiser (1969), in his study of Karimpur village in Uttar Pradesh observed that “in each village community, there is an inter-relationship of services which carries with it certain responsibilities and rights. These responsibilities and rights constitute the structure of the ‘Hindu jajmani system’. The system had socio-religious support from Hindu scriptures. Hindu caste system gives each occupational group a fixed standing within community, must of necessity have certain patterns of behaviour, which enable each caste to maintain its own status and satisfactorily engage in relationship with others. In this service of inter-relationship, each occupational caste renders service, within certain range, limited or unlimited to each of the other land owning castes. In return for the service rendered, there are payments in cash and kind made daily, monthly, half-yearly, per piece of work and on special occasions as part of the goodwill of the jajman (employer). The system in fact, had its origin in the religio-socio-economic plan of occupations outlined 2000 years ago by Hindu philosophers and law-makers.”

Rural economy has undergone vast changes during the last one hundred years. The barter system prevalent earlier in rural India has been replaced by monetized economy. The conspicuous increase in the population of agricultural labourers can be attributed to two main causes:
i) dispossession of land among the small and marginal farmers, and

ii) loss of rural crafts in competition to modern industries.

The two principal sources of labour force data in India, namely the Decennial Censuses and the National Sample Surveys provide a good deal of insight into the nature and dimensions of female labour participation in the country. These data sources suggest that in most regions of India, there has been an overwhelmingly large concentration of women within the agricultural sector alone. The evidence also points to the fact that a very large proportion belong to the category of unskilled workers such as agricultural labour.

It is well known that social variables of caste status and of ethnic group in India are correlated, and women with the different work characteristics just described can often be identified as belonging to different ethnic groups. Indeed, India is a meeting place for peoples with different cultural traditions and this is reflected in the work pattern of its women- and of its men. The concentration of women in agriculture and allied activities, as has been accounted by many scholars, is due to the decline of rural industries leading to large scale reduction of the labour force within non-agricultural sectors and also to their eventual reversion of wage labourers in agricultural sector.

The conditions and the factors which influence the scope and intensity of the female participation in agriculture and associated activities as belonging to the categories of proprietary workers and wage labourers, happen to vary widely across different regions of the country. Within each region female participation in agriculture happen to be persistent by a variety of factors which may be listed as follows: i) agro-climatic endowments and the resultant crop cultural practices of the region, ii) distribution of assets in particular, cultivated land among the rural households, iii) presence of cultural and ethnic groups such as Scheduled Castes, Scheduled Tribes etc. iv) the skill and educational background of the female population.

The land distribution pattern has direct influence on the ethnic composition of the working population. The regions with greater inequality in land distribution are found to harbour specific pattern of ethnic and caste based occupational specialization among women. Both men and women belonging to labour castes were assigned specific types of farm operations. In course of time, the caste society also perpetuated a network of rigid rules and regulations governing members of these labour castes which effectively curtailed their access to landed assets and also their occupational mobility into non-agricultural pursuits. Withdrawal from the agricultural labour force thus, came to be deemed as a luxury which could be afforded only by the upper echelons of the caste based society.

The social gap between cultivators and agricultural labourers is always wide, and particularly so where female agricultural workers of low caste or tribal group work for male farmers belonging to communities with non-working women living in seclusion. Here the three status differences social class, ethnic group and sex-cuminate in the creation of an abyss between employer and employee.

Several studies carried out in India, with reference to the female workers pointedly refer to the importance of poverty related explanatory factors underlying the growth of the labour force- (Mise 1984; Agarwal 1984; Chakravarty 1978; Chatterjee 1984; Sen & Sen 1984). More specifically, the studies seem to attribute the influx of female wage labour to an ongoing process of marginalization. The demographic growth begins to put pressure on income and consumption levels of the households which results in a variety of economic activities in order to supplement the household income. A discernible outcome of this process is the increased entry of women and younger age groups into the labour force. These developments have also resulted in the lower rungs of the landholding hierarchy and being pushed into the category of wage labour households. Such eventualities have been characteristic of region marked by the preponderance of small and marginal holdings along with inequalities in land distribution. (Krishna1979; Joshi 1980) As for women workers from lower stratum of rural society, it has also been pointed out that the development of capitalism in agriculture and allied sectors of economy has resulted in their induction into the labour force under a variety of exploitation relationships (Mise 1980; Bhatty 1980; Kurian 1981 and Bardhan 1989).

Numerically, in India’s female population, every sixth person is a SC woman. The employment opportunities for SC women are very rare and whatever are there, these provide very meager income just to subsist. There has been a significant decline in the sex-ratio of the agricultural work force between 1961 and 1981. It is largely due to sharp decline in the sex- ratio of the cultivators. The ratio of female agricultural labourers to cultivators was 0.42 in 1961 and by 1981 it had increased to 1.19. By and large the rate of increase of female agricultural labourers has kept pace with the increase in the male agricultural labourers. Given the decline in overall female participation rate the share of female agricultural labourers in the total work force, consequently increased from 24 percent in1961 to 45 percent in 1981.

Table 8: Variation in the SC Female Agricultural Labourers Cultivators during the Decade 1981-1991

<table>
<thead>
<tr>
<th>Year</th>
<th>Agri. Cultivators</th>
<th>Both Agri.</th>
<th>Cultivators</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>66.52</td>
<td>17.53</td>
<td>84.05</td>
</tr>
<tr>
<td>1991</td>
<td>68.00</td>
<td>16.12</td>
<td>84.12</td>
</tr>
</tbody>
</table>

Source: Cultural Research Institute: Short Note on Scheduled Castes of West Bengal, (Kolkata, 2005).

Table 9: Involvement of Women in Rural Production System (figures in lakhs)

<table>
<thead>
<tr>
<th>Enterprises</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>18.70</td>
<td>754.70</td>
</tr>
<tr>
<td>Dairying</td>
<td>750.00</td>
<td>50.00</td>
</tr>
<tr>
<td>Fisheries</td>
<td>10.00</td>
<td>18.00</td>
</tr>
<tr>
<td>Small Animal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Husbandry</td>
<td>150.00</td>
<td>20.00</td>
</tr>
<tr>
<td>Khadi &amp; Village Industries</td>
<td>17.00</td>
<td>19.90</td>
</tr>
<tr>
<td>Handicrafts</td>
<td>5.40</td>
<td>22.00</td>
</tr>
<tr>
<td>Sericulture</td>
<td>8.00</td>
<td>12.00</td>
</tr>
<tr>
<td>Handlooms</td>
<td>29.00</td>
<td>84.80</td>
</tr>
</tbody>
</table>

These dramatic changes in the share of agriculturists and cultivators in the work force can be attributed to the socio-economic and technological processes that took place during the two decades; the most important among these processes, as revealed by the existing literature, being: i) development of irrigation, ii) shift in cropping pattern, and iii) the green revolution technologies. Besides there have been changes in the agrarian structure that have affected the supply of female agricultural labourers.


Agriculture is the main stay of Indian economy. Agriculture therefore, is a major field of women’s employment. In India, almost all women in rural India today can be considered as farmers in some sense or the other, working as wage labourers, unpaid workers in family farm enterprises or some combinations of the two. The rural India is witnessing a process which could be described as “Feminization of Agriculture”. Between 1971 and 1991, the female to male agricultural labour went up from 57 to 60 percent. Similarly, the rate of female to male cultivators has risen from 14 to 19 percent.

Table 9 given below gives a relative position of the involvement of women in Rural Production System.

Inspite of such significant contribution in agricultural production process, women are yet to be perceived as participants rather than beneficiaries of development programmes. Women are primarily treated as consumers of social services (like health care, education and nutrition) rather than producers. They are kept away from development programmes in agriculture and allied fields. Lack of access to cash income is one of the reasons of the above situation. The subordinate status of women has made them supplementary earners with the male as head of the household. Thus, women have no access to resources, credit, inputs and other agricultural interventions.

Agriculture being the primary occupation of the Rajbanshis of north Bengal, they totally depend on it. Table 10 depicts that in 1981, 57.76 percent of Rajbanshi workers were cultivators and 33.27 percent were agricultural labourers. Therefore, about 91 percent of the Rajbanshi workers were principally engaged in agriculture and related activities. Though the Rajbanshi cultivators outnumbered the agricultural labourers in all the districts, the ratio of latter to former was high in the districts of Darjeeling and West Dinajpur. Only about 9 percent of the Rajbanshi workers were engaged in various non-agricultural pursuits. Except in manufacturing, trade and commerce, transportation and other services, the proportion of Rajbanshi workers in remaining categories of occupation was less than one percent. In 1981, about two percent of the Rajbanshi workers were in manufacturing industries and only 3.33 percent were in other services. Thus it appears that upto 1981, the economic activities of the Rajbanshis of north Bengal were primarily focused on agriculture. In 1981, 60.47 percent of Rajbanshi male workers were cultivators, 31.66 percent were agricultural labourer and 3.05 percent were employed in other services. The corresponding percentages for female workers were 19, 56.46 and 7.22 respectively. The participation of the Rajbanshi female workers in household industry and manufacturing was proportionately better than their male counterpart. The similar situation was also noticed in the case of agricultural labourers where the male participation was 31.66 percent in comparison to that of 56.46 percent of female participation.
During the period 1961-81, certain interesting changes have taken place in the employment pattern of the Rajbanshi females. The proportion of female cultivators sharply decreased from 78.56 percent in 1961 to 19.00 percent in 1981. On the other hand, the proportion of female agricultural labourer has gone up from 2.78 percent in 1961 to 56.46 percent in 1981. The rate of decrease in number of female cultivators was considerably high in the districts of Darjeeling, Jalpaiguri and Koch Behar. Between 1961-1981, almost in all the districts of north Bengal there was considerable increase in the proportion of Rajbanshi female agricultural labourers.

### Conclusion

Education leads to empowerment and employment for women as well as men. Education of girls is a significant variable for social progress of a community or society. Human resource development of Scheduled Caste people in general is considered a pre-requisite for socio-economic development. Therefore, it is suggested that there should be a positive discrimination in favour of female children of Scheduled Caste people in general and the Rajbanshis in particular, for example, free hostel facilities; higher amount of scholarships; reservation of seats for the girls particularly in the vocational, technical, professional courses of study, etc.

The categories of occupation undertaken by the Rajbanshis are: cultivators; agricultural labourers; mining, quarrying, livestock, fishing, plantation etc; household industry; manufacturing other than household industry; construction; trade and commerce; transport; storage and communication, etc. However, most of their occupations depend upon the availability of employment opportunity at a particular point of time. Moreover, most of them are unskilled. Rajbanshi women have to work more hours than their male counterpart parts and most of the time their labour goes unpaid.

Like other provinces of India, West Bengal has also undertaken several schemes for the upliftment of socio-economic status of the Scheduled Castes, Scheduled Tribes and Other Backward Classes since independence through various amendments [The Constitution (Scheduled Castes) Order: 1950; The Scheduled Castes and Scheduled Tribes Lists (Modified) Order: 1956 and The Scheduled Castes and Scheduled Tribes Lists Order (Amendment) Act: 1976]. According to 1976 Amendment Act a Total of fifty nine castes of West Bengal got Scheduled Caste status. Presently, there are a total of sixty Scheduled Caste Communities in West Bengal. Though the Reservation policy has positive impacts on the Scheduled Caste and Scheduled Tribe communities of India and West Bengal but, practically major portions of the Scheduled Castes of the state are still beyond the level of poverty line. Their economic position is still fragile since their engagement in primary sector is highest where opportunity of surplus appropriation is very much low. Again there are wide gaps in socio-economic status within the Scheduled Caste population itself.

Therefore, it is suggested that the Government, both central and state should undertake such policies which are able to bridge the gap between the general communities and Scheduled Castes/Scheduled Tribes and that among the Scheduled Castes themselves and

### Table 11: Percentage Distribution of Rajbanshi Workers into Different Occupational Categories by Sex

<table>
<thead>
<tr>
<th>District</th>
<th>Censu Sex</th>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>V</th>
<th>VI</th>
<th>VII</th>
<th>VIII</th>
<th>IX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dalhousie</td>
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<tr>
<td></td>
<td>a</td>
<td>M 88.28</td>
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<td>0.02</td>
<td>0.21</td>
<td>0.08</td>
<td>0.83</td>
<td>0.19</td>
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<tr>
<td></td>
<td></td>
<td>F 84.34</td>
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<td>0.32</td>
<td>-</td>
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</tr>
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<td>0.55</td>
<td>0.21</td>
<td>2.40</td>
<td>0.87</td>
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<td></td>
<td></td>
<td>F 40.98</td>
<td>30.07</td>
<td>1.82</td>
<td>0.89</td>
<td>0.22</td>
<td>1.11</td>
<td>1.00</td>
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<tr>
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<td>c</td>
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<td>1.72</td>
<td>0.07</td>
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<td>a</td>
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<td>0.95</td>
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<td>2.92</td>
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<td>2.03</td>
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*Note: *1981, 1971, 1961 Census. Occupational Categories: (I) Cultivators; (II) Agricultural Labourers; (III) Mining, Quarrying, livestock, fishing, plantation etc; (IV) Household Industry; (V) Manufacturing other than household industry; (VI) Construction; (VII) Trade and Commerce; (VIII) Transport, storage and communication; (IX) Other services.

Source: Census of India, 1961, Vol. IIII, Tables: West Bengal and Sikkim, part V, Aii, Tables on Scheduled Castes; Census of India 1971, Series 22, West Bengal part V, A, Special Tables on Scheduled Castes and Scheduled Tribes; Census of India 1981, Series 23, West Bengal part II (i & ii), Special Tables for Scheduled Castes.
also the discrimination between male and female population throughout the country as well as state.

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18 A. C. Hartley: 1940: pp. 54-60.
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34 Some of the Rajbanshi gods and goddesses were: Tista Buri: Goddess of the river, Madar and Satyapir: Islamic deity adopted by the Hindus, Haribolo: Vaishnava deity, Sanyasit: Saiva deity, Hudum Deo: Rain god, Madan Kam: God of procreation. This deity was worshipped in every village away from homes and goats and regions were offered as sacrifices. For details, Risley, p. 498; Sanyal. 1965: pp. 135-50; G. B. Roy, Uttar Bangar Rajbanshi Samaj Deb Debi O Puja Parbati (Bengali), unpublished Ph.D. thesis, North Bengal University.

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A Time Like No Other: An Analysis of the Political Economies of Eastern Europe since 1989

Joel R. Campbell

Abstract
This paper focuses on the political development of Eastern Europe since 1989, especially the Visegrad countries of Central Europe: Poland, the Czech Republic, Slovakia, and Hungary. It also compares these countries to representative cases in Southeastern Europe (Romania), the Baltic states (Lithuania), and the former Soviet Union (Belarus).

Introduction
The current moment in international relations provides a unique opportunity for comparative analysis of economic and political development in countries in transition, i.e., the former Communist states of Eastern Europe, contrasted with those of Central Asia. This paper considers the post-1989 experience of countries in transition in the two regions, and examines the implications of the transition process for theories of economic and political development. Specifically, what general patterns of political economic development have manifested in each region, and what major factors are most crucial in accounting for such patterns?

The Central and Eastern European (CEE) countries (for analytical purposes, including only the Baltic states from the former Soviet Union), by consciously tying themselves economically and politically to Western Europe, have pursued Western democratic capitalist forms as the perceived best way to prepare for, and make themselves attractive for, eventual inclusion in the West’s political, economic, and military arrangements, i.e., friendly relations with the U.S., and membership in the North Atlantic Treaty Organization (NATO, granted in 1999 and 2004) and European Union (EU, accession gained in 2004). Political changes are also a step to distance the region from Russia, its traditional nemesis. However, the experience of forty-five years of Communism, and then sudden economic and political liberalization, profoundly affected the political culture of the region, and the desire to retain the supposed economic and social benefits of socialism has tempered countries’ embrace of capitalism, and has allowed ex-Communists a political lease on life.

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Comparison of Eastern Europe’s post-1989 transition to the changes in Central Asia presents a number of challenges for political economic theory. The strong role played by states in both regions, and the better economic performance by state-led, export-oriented programs may indicate that statist or neo-mercantilist theories provide better explanatory or prescriptive analysis of transition from command to liberal systems. Liberal economic theories fail to account for either the prevalence of strong political regimes, or their effectiveness. Marxist or leftist theories may suggest that these countries are being incorporated into the capitalist world system as new peripheries or semi-peripheries, but the Eastern European experience shows that nations can quickly transform themselves, and achieve upward mobility in the global political economy.

This paper focuses on the political development of Eastern Europe since 1989, especially the Visegrad countries of Central Europe: Poland, the Czech Republic, Slovakia, and Hungary. It also compares these countries to representative cases in Southeastern Europe (Romania), the Baltic states (Lithuania), and the former Soviet Union (Belarus). It finds that all of the nations of Eastern Europe share a general pattern of political development, but that the Visegrad countries have been better able to consolidate democratic development due to stronger economic growth. Southeastern Europe and the Baltics were hurt by disastrous economic declines in the early 1990s, though the Baltic countries rebounded faster than Belarus. The former Soviet countries have had difficulty escaping an authoritarian political culture that fosters strongman rule. The paper is divided into three parts: 1) a political narrative of post-1989 Eastern European development, 2) a comparison of the European cases to those of Central Asia, and 3) an examination of relevant political transition theory, as it applies to the Eastern European cases.

Country Cases

While the details of transition have differed among all nations examined here, certain general patterns easily can be discerned. It is useful to present in narrative form the key developments that have occurred in all of the Visegrad countries, in order to get an overview of those characteristics that determine the political patterns that have emerged since 1989.

Visegrad Countries

The Visegrad countries have undergone a three-stage process of initial political economic transformation. In all four, economic decline from 1989 to the early 1990s was followed by a return to economic growth by the mid-1990s, then an increase or slowdown in growth in the late 1990s, and finally fair to lackluster growth after 2001. Poland began to grow in 1992, and slowed down in 1998, then grew quite well after 2001. The Czech Republic saw a return to growth only by 1995, growth slowed from 1996, and by 1999 was in a severe recession, only returning to muddling growth early in this decade. Slovakia began to grow at the same time as its Czech neighbor, but unlike it, has seen steady growth ever since. Hungary’s growth started after a painful adjustment in 1994, and increased in 1997. Like Slovakia, Hungary was a recipient of much foreign investment.

Political changes have roughly mirrored these economic shifts. Poland saw major changes with each election from 1991 to 1997, and then a period of relative stability until 2005. The Czech Republic experienced big shifts with each economic turn during 1996-1998. Slovakia’s political struggles, centering on the rivalry between Vladimir Meciar and Michal Kovac, dominated national life from the “Velvet divorce” from the Czech Republic initiated in 1992 until the election of an opposition coalition led by Mikulas Dzurinda in 1998. Hungary had major electoral shifts in 1995 and 1998, as Socialists (former Communists) alternated with democrats. By the 2000s, few of the former Communist countries had strong leaders.

Consequently, economic issues have been high on the political agenda. During the early years, these included the privatization of state-owned enterprises (SOEs), control of budget deficits, reform of pension and health systems left over from the communist era, maintenance and reform of welfare benefits. During late 1990s and early 2000s, focus shifted to preparations to join the EU. Other purely political issues have been wild cards in each country. Scandals have hit most of the countries, viz., the Czech Republic, Slovakia, and Hungary. Extreme partisanship and political conflict have been normal features in Poland and Slovakia. Ethnic tensions have been relatively minor, though issues relating to the Roma (Gypsy) minority have surfaced in the Czech Republic, Slovakia and Hungary. The Hungarian minority in Slovakia has also become politically active.

The dominance of major political personalities was a key feature in all Visegrad countries during the 1990s. These have included Walesa and Krasniewski in Poland, Havel and Klaus in the Czech Republic, Meciar, Kovac, and Dzurinda in Slovakia, and Horn in Hungary. Finally, strong political and economic ties to the EU and the U.S. have been important for all four countries. Poland, the Czech Republic and Hungary are already members of NATO, and the three are first-tier candidates for EU membership.

1. Poland: Poland was the reform leader in Eastern Europe, even before 1989. The first country to gain a degree of religious freedom and slight room for the operation of a civil society, its workers spawned the Solidarity union movement. Allied with the Catholic Church, Solidarity initiated the Round Table negotiations that led in 1989 to the first non-communist government in the Eastern Bloc. Poland also set the tone for both political and economic reform throughout the region. Politically, the transition represented a gradual, yet complete break with the past, and the creation of both a strong presidency and strong legislature (Sejm). It did so in a step-wise fashion, centered on the writing of a new constitution: first, a “Small Constitution” that created basic institutions and allowed political space, leading to the writing of a widely accepted national constitution in 1997. Economically, the Polish government quickly decided by 1990 to pursue a “shock therapy” approach (the Balcerowicz Plan), involving stabilization, currency convertibility, and price liberalization. Nonetheless, output declined markedly through 1990 and 1991, and privatization of state firms proceeded only slowly. The economy began to recover in 1992, and by 1995 was perhaps the strongest
in the CEE region. Gradual recovery came too late for the Solidarity government, though. Its shock approach, along with Lech Wałęsa’s increasingly controversial leadership of Solidarity, fragmented the democracy movement, as shown by splintered results in the 1990 presidential and 1991 parliamentary elections. A succession of coalition governments under Wałęsa wavered in support of economic reform, but birthed significant political changes, including an election law to reduce political fragmentation. Former communists used superior organization, a reputation for competence, and discontent over economic decline and Wałęsa’s perceived arrogance to win control of the parliament in 1993 and the presidency in 1995. Wałęsa’s successor, Aleksandr Krasniewski, gained support as a charismatic, youthful technocrat vowing continued reform. Unable to hold onto power in 1989, the former communists managed a remarkable comeback within six years in the “velvet restoration.” Krasniewski’s considerable diplomatic skills and political competence allowed him a second term.

The economy finally began to take off in 2003, and growth reached seven percent in 2007. A swing to the conservative Law and Justice Party (PIS) in 2005 saw joint rule by the Kacynski twins, Lech as president and Jaroslav as prime minister, but their quirky organization, a reputation for competence, and consolidation of the opposition will occur.

2. Czech Republic: The Czech Republic has received much favorable international attention because of its perceived success in bringing about both political and economic transitions. The reality has been more mixed than the international news media suggest. The economy has only been partially privatized and its performance has never been strong since 1989. The political system has been characterized by constant conflict and irreconcilable differences among several cleavages, the most serious of these being the 1993 split with Slovakia (the “Velvet Divorce”). While the nation joined NATO and the EU, it has a long way to go before it catches up with the West economically or institutionalizes its new democracy.

The Czech economy saw moderate economic growth in the 1990s, but it was never as strong as that of Poland or Hungary. The state carried out a comprehensive privatization program in 1991, involving vouchers that were intended to spread ownership of SOEs widely, but actually ended up concentrating stock ownership in a few hands. A shock therapy program was not nearly as successful as that done in Poland, though it avoided the abysmal results seen in Russia. Growth commenced in 1995, but the country quickly slipped into a major crisis in 1996-1997. This involved bank collapses, a currency crisis, and ballooning budget and trade deficits. All of this made the Czech Republic look like a miniature version of the ailing Asian tigers, which got much more attention. The economy began to recover in 1998, just like the Asian economies.

Political changes mirrored the economic upheavals of these years. In the heady aftermath of the Velvet Revolution, the former opposition umbrella grouping Civic Forum won an overwhelming victory in 1990 elections. By 1992, the right-wing Civic Democratic Party (ODS) split from Civic Forum and won on its own. The first Vaclav Klaus government formed soon thereafter. As the economy began to recover, Klaus had breathing space for major reforms. When the economy began to falter in 1996, a pre-communist socialist party, the Czech Social Democratic party (CSSD) came in a close second to ODS. The second Klaus government was accordingly much weaker, and the bloom was off the reforms. Scandals and economic difficulties sunk the Klaus government. In 1998, as the economy began to recover, the CSSD gained an outright victory, but the subsequent Milos Zeman government had difficulty forming a coalition and had to make a pact with Klaus in order to function as a minority government. The Social Democrats formed another weak coalition with the Christian Democrats in 2002, but the Civic Democrats took six months before they could form a viable coalition with the Christian Democrats and Green Party in early 2007. The minority government of Mirek Topolánek has faced seven no-confidence motions, and his leadership of the EU presidency has been uneven at best, as he has made several undiplomatic statements about both the union and the U.S. Presidential elections since 1989 have been different. Former Cold War era dissident Vaclav Havel was elected twice in indirect elections to the largely ceremonial position. He thus functioned as a rare figure above politics, and there was much concern about the future of Czech politics when his term ended. As his successor, Klaus was able to become a more popular figure than he had been as prime minister.

3. Hungary: Until last year, Hungary had been blessed with perhaps the most stable post-1989 economy in Eastern Europe. As the first Soviet bloc economy to experiment with economic reforms (“goulash Communism”) in the 1970s and 1980s, Hungary had much experience with private and partially private enterprise, and it was relatively easy to extend the liberalization process in the 1990s, especially privatization of SOEs. Growth began in 1994, though it has been much lower than in Poland. As in the Czech Republic, the country has struggled with budget and trade deficits, not to mention serious external debts dating back to the communist era.

Hungary’s recent political development perhaps best fits the hypothesis of transitional politics being shaped by economic shifts. The left-right cleavage is perhaps more profound here than in any other post-communist nation, which Schopflin dubs a “cold civil war” that cuts across the society. The electoral system is extremely complicated, and there is no clear connection between votes received by parties and the number of seats gained in the parliament (in fact, in one election, a party out-polling the ruling party, but received fewer seats). In 1990, as in the Czech Republic, the opposition Hungarian Democratic Forum won a great victory, but lost its mandate due to economic contraction. So, in 1994, the Hungarian Socialist Party (MSzP), a
repackaging of the former communist party, won a landslide. The Gyula Horn government formed a fairly stable coalition with the small Alliance of Free Democrats (SzDSz). Economic difficulties of the mid-1990s caught up with the Socialists, and in 1998, they were replaced by a center-right coalition made up of the Alliance of Young Democrats (Fidesz-MPP) and the smaller Smallholders’ Party (FKgP) and the MDF. The Socialists came back in a coalition with the SzDSz in 2002. Businessman Ferenc Gyurcsany became Prime Minister in 2004 and was reelected in 2006, but a leaked tape in which he indicating that he lied about the size of the national debt led to mass protests.12

As in the Czech Republic, post-communist presidential elections have been fairly non-controversial. Arpad Goncz was twice elected in indirect elections in the 1990s, and Laszlo Solyom has been president since 2005. The 2008-2009 economic crisis hit Hungary hardest of all the major Eastern European EU states. Heavily indebted during the early part of the decade, the country’s currency collapsed in 2008, leading to a $25 billion bailout agreement with the IMF. The agreement calls for cutting the budget deficit to three percent of GDP, which makes economic stimulus almost impossible. Gyurcsany, perhaps realizing how much the economic collapse had weakened his government, in March, 2009 appointed economics minister Gordon Bajnai as his successor.13

4. Slovakia: Slovakia’s post-1989 economic development has proceeded somewhat more simply than most of its neighbors, and certainly has been less complicated than that experienced by its Czech brethren. The early period after the split with the Czechs was difficult, as the Klaus shock therapy program had hit the country fairly hard. General economic growth, primarily agricultural export-driven, resumed in 1994, but a privatization program had generally benefited the former communist elite. Slovakia has enjoyed perhaps the greatest influx of foreign investment on a per capita basis of any of the former Communist states (2.2 billion euros in 2004), made possible in part by low labor costs, a flexible labor system allowing ease of hiring and firing, and low taxes combined with a flat tax policy.14

As noted before, the politics have also been more simple than elsewhere in the Visegrad area. In 1992, the Movement for a Democratic Slovakia (HZDS), led by Vladimir Meciar, took power. However, the government lost a vote of confidence two years later, about the time the economy began to take off. The HZDS won the 1994 election, partly due to the relative popularity of Meciar. Michal Kovac, a Meciar rival, continued as president until 1998, when he retired. Presidential prerogatives devolved on Meciar, but his increasing concentration of power and a scandal involving the kidnap of Kovac’s son weakened his hold on the country. In an election that year, votes were split between HZDS and various other parties, which refused to join HZDS in a coalition government. As a result, four opposition parties formed a rickety coalition under Prime Minister Mikulas Dzurinda. Rudolf Schuster took office as president the next year. Dzurinda stayed in office until 2006, when he was replaced by Robert Fico of the Direction Social Democracy Party.15

Slovakia’s economy grew over ten percent per year during the first two years of Fico’s government but, like Hungary, slipped into a serious recession toward the end of 2008 and debt ballooned to five percent of GDP. Despite a number of corruption scandals in his party, Fico’s personal popularity remains fairly high for a Slovak prime minister, due to his “mix of fiery rhetoric and pragmatism.”16

Comparative Cases

The Balkans: In Southeastern Europe, economic decline has led to unstable politics. Romania and Bulgaria have remained calm, given their economic collapse, but have tended more toward authoritarianism and extreme partisanship than in the Visegrad countries. The former Yugoslavia descended into civil war and severe conflict, except for Slovenia, whose politics and economic development mirrored that of the Visegrad countries. Albania has seen gradual recovery from a very low basis, and has concentrated on institution building.

1. Romania: The Romanian Revolution of 1989 was the most abrupt, violent and popular of transitions that year. The entire process of overthrow of the old regime, from protests in the western region, to restoration of order in Bucharest following Communist dictator Nicolae Ceausescu’s summary execution, took only a little over two weeks. Governments of the 1990s were brittle and fairly short-lived. A broad coalition government called the National Salvation Front (FSN) took power, and won parliamentary elections over an unorganized opposition in 1990, but split between conservatives associated with the communist regime and liberal reformers. A 1991 constitution gave the president stronger powers than in any other Eastern European country. In 1992 parliamentary elections, conservatives successfully tarred liberals for the impact of harsh reforms, and conservative interim president was Ion Iliescu reelected, but not without a runoff.”17 Iliescu left office in 1996, but came back to win impressively in 2000. Elected to fight endemic corruption four years later, conservative president Traian Basescu faced a political deadlock with the leftist parties in parliament. This conflict was personified by his feud with Prime Minister Calin Popescu-Tariceanu during his first years in office. The prime minister finally resigned, replaced by another short-term premier, but the parliament voted articles of impeachment against the president, which failed in a popular referendum in 2007.18 Basescu saw his popularity slip in 2009 due to his party’s selection of his ex-model daughter as a candidate for the EU parliament.19

The Romanian economy generally performed poorly in the 1990s, and the government had to seek IMF help with the countries debts in 1994. Romanian economic reforms mainly consisted of price deregulation. Significant reform of SOEs was delayed (SOEs still account for a large share of industry), and Iliescu’s government pursued generally conservative policies. The IMF was accordingly reluctant to grant large loans, but due to an austerity package passed in 1994, extended limited aid. The overall economy, which had been in free-fall since the fall of Ceausescu, began to grow again the same year.20 The recent recession hit Romania quite hard, as both FDI and exports decreased, but reduced trade paradoxically reduced the country’s current account deficit. Economic growth is expected to be under 1% this year,
and its banks are not profitable. Economic slowdown meant an increased government deficit, but the EU granted Romania a large loan to help it get through the crisis.21

Unlike the Visegrad countries, Romania has significant ethnic cleavages, which have nonetheless not yet resulted in the kind of violence seen in the former Yugoslavia. Hungarians, mostly residing in Transylvania, account for about seven percent of the population, and Roma and Germans for another two percent. The Republic of Moldova, bordering eastern Romania, has a largely Romanian population, and there has been a strong movement to unite the two nations. Nonetheless, Moldovan leaders claim that they wish to remain independent.22

Russia’s proximity remains a looming issue in Lithuania’s politics. Both the Social Democratic Party (LSDP) government and the conservative Homeland Union/ Christian Democratic (TS-LKD) opposition routinely condemn Russian actions abroad. Alleged Russian connections also feature prominently in Lithuanian political scandals, most spectacularly in Pakšas’ impeachment.24

The Lithuanian economy was affected worse than any other European country by the 2008-2009 recession. The government projected that the economy would contract 10.5% in 2009, led by broad declines in construction, retail and textiles, and suggested that the economy would not return to the black until 2011. As the largest economy of the Baltic states, Lithuania was expected to adversely affect Latvia and Estonia, as well.25

The rest of the former Soviet Union, except for the Baltic states, experienced extreme economic decline (perhaps characterized as hyper-depression) during the 1990s, while Russia saw a commodities-fuelled recovery in this decade. Contradictory impulses to democratize and gain control of the economy meant that the CIS countries have gravitated toward democratic strongmen, i.e., elected democratically but wielding considerable centralized power. The Yeltsin and Putin governments in Russia, the Lukashenko regime in Ukraine, and the Kuchma regime in Belarus have all shared common features commonly associated with semi-democratic countries.

3. Belarus: Belarus was once one of the most prosperous areas of the Soviet economy. Closely tied to Russia, it shrank by perhaps half in the first decade of independence, though it grew slightly in the mid-1990s before Russia’s ruble crisis of 1998. Unlike most Eastern European countries, there was little liberalization of the economy after 1991, and most economic activity is still performed by state-run companies. Russia subsidized the economy with cheap oil and gas through the early part of this decade, though Belarus was forced to accept a doubling of gas prices in 2006. The country remains on fairly good terms with Russia, though Moscow’s attempts to raise oil and gas prices

In contrast to the young, developing democracies of Central Europe, Belarus is an extreme example of democratic strongman rule, or more accurately a classic semi-democratic presidential regime, with a weak legislative branch (still called the Supreme Soviet and only loosely institutionalized by 2000). The Belarusian system therefore reminds one of the Third and Fourth Republics in South Korea (1963-1980) or the Republic of China on Taiwan under Chiang Kai-shek (1949-1975). Aleksander Lukashenko was overwhelmingly elected on a populist platform in 1994, having served as head an anti-corruption commission; he is sometimes called “Europe’s last dictator.” Protesters are punished severely, the government has a poor human rights record, and election results are commonly questioned by Western governments. EU governments considered his overwhelming victories in 2001 and 2006, as well as a referendum allowing him to serve indefinitely, as unreliable. Lukashenko gradually tightened his control, giving himself rule by decree in 1996 and ignored a court ruling overturning the referendum extending his term. His party won overwhelming victory in parliamentary elections in 2006 and 2008.

Central Asia: By contrast, Central Asia has followed a path both more independent and more authoritarian than Eastern Europe. Traditionally dependent on the Soviet Union/Russia, since 1991 these new nations have sought to break out of their landlocked status through diversified political and economic ties with Western and neighboring nations. For instance, Uzbekistan has attracted foreign investment and production from various countries, and Kazakhstan has established itself as both a major petroleum producer and military ally of the U.S. None of these countries has developed fully democratic institutions yet, and former Communist leaders wield power in most of them.

The Newly independent states (NIS) of Central Asia began life in 1991 with the least resources of the three regions to draw upon. Although Central Asian cultural heritage extends back to before the Middle Ages, none of the five NIS existed as a distinct entity before the Stalinist era. All were initially created as czarist satrapies carved out in the “Great Game” of the nineteenth century. Culturally, all are drawn southwest to the Turkic world, or east toward China, and modern influences came through the alien occupier, Russia. Unlike Eastern Europe, the Central Asians gained little experience in either
independent governance or capitalist development before their post-World War II incorporation into the Soviet Union.

Almost unexpectedly liberated from Soviet control, the NIS lacked effective opposition groups that could wrest control from communist governments, and so pre-1991 apparatchiks generally remained in power. The only exception was Tajikistan, where an Islamic group tried to gain power, and precipitated a civil war. The region’s economies, heavily dependent on single cash crops, energy production, and Soviet aid, virtually collapsed post-independence. Serious environmental and poverty problems limited governments’ room for maneuver, and ethnic divisions in Kazakhstan and Uzbekistan threatened national cohesion.

Where Eastern Europeans strive for democratic normality and Westernization, first, Central Asians seem stuck in varying degrees of authoritarianism and political quiescence. In a sense, the Soviet system never ended, as states retain exclusive control over large sectors of both the economy and society. To be sure, this is partly driven by the common desire to protect the recent independence, assert national identities, and prevent re-Russification of the region. Second, like Eastern Europe, there are various ethnic cleavages, but except in Tajikistan (which, unlike its Turkish-speaking neighbors, is home to a Persian-speaking dominant ethnic group), there seems to be general agreement to handle these peacefully, e.g., Kazakhstan’s efforts to accommodate its Russian minority, and overall agreement not to contest national borders. Third, there is widespread acceptance of the policy priority given to economic matters over political reform.

4. Uzbekistan: Gleason notes that Uzbekistan has been characterized by various contradictions. Most notably, though clearly authoritarian, its government has been fairly popular (unlike Belarus), and many Uzbeks believe they have a better functioning political system than in Russia. There has been much discussion of the “Uzbek Model,” centered on gradual economic reform, state autonomy and political quiescence. The Uzbek Communist Party in 1991 renamed itself the People’s Democratic Party. Two opposition parties also were formed, but have found it difficult to operate. The government outlawed Islamic parties, created three non-governmental parties as a way to control the opposition, and used regulatory bodies to manage nominations of candidates. In the 1991 presidential election, only one weak opponent was allowed to face President Islam Karimov, who won by a landslide. His subsequent elections up to 2007 have been marked by sparse opposition and widespread allegations of vote-rigging. The presidency has nearly unchallenged powers, and there is no real legislative or judicial independence (the legislature has primarily advisory functions). The government’s security agency has broad powers, through serious human rights violations, and there are severe restrictions on civil liberties. Karimov’s government has promoted Uzbek nationalism as a unifying force, but has downplayed ethnic issues that might create conflict with neighboring countries. Uzbekistan came to international attention after the 9/11 Incident, when Karimov decided to assist the U.S. by granting basing rights for the Afghanistan War. In 2005, pro-democracy protests in Andijan were brutally suppressed, with perhaps hundreds killed outright, and a general suppression of human rights and democracy activists followed. The Western response was fairly weak, but just strong enough to get U.S. military forces kicked out of the country. Karimov subsequently stepped up political and economic cooperation with Russia and China.

The Uzbek Model is also distinctly Asian, since it draws on the state-led experiences of South Korea and Taiwan, and the gradualism of China. The government has consciously promoted foreign trade and investment, and attracted such large foreign concerns as Korea’s Daewoo Corp., which manufactures automobiles in Uzbekistan. Unlike most of the former Soviet republics, the Uzbek government eschewed a shock therapy approach. As in Romania, economic reforms centered on price liberalization. This was partly precipitated by the negative impacts of Russia’s unilateral decision in 1993 to suspend the Soviet era ruble, still in use at that time in Central Asia, and issue new ruble notes (this also forced Uzbekistan to issue its own currency). Controlled prices remain only for food-related agricultural products and utilities. The state procurement system has been phased out, except for governmental institutions and important trade commodities, especially cotton. Privatization of SOEs has concentrated on small companies, and most large firms are still in state hands. Uzbekistan’s gradualism has not been popular with the IMF and World Bank, but the government could claim success by 1997-1998: Uzbekistan’s economy contracted far less than any other in Central Asia, and was the only former Soviet republic to surpass its 1989 industrial production level, and nearly reached its 1989 GDP level by 1998. It also was near 1989 levels in agricultural output, and fared better in terms of capital investment.30

Nevertheless, Uzbekistan today remains the second poorest of the former Soviet republics, with a per capita GDP of only $2600. While the country has moved away from its Soviet era dependence on agricultural production to mineral and petroleum development, trade has diversified away from Russia, and it has become a regional chemicals and machinery producer, it is still the second largest cotton producer. The Uzbek currency is not yet easily convertible, severe import restrictions remain, and the Kazak border has sometimes been closed. Government economic controls have actually increased since 9/11.31

5. Kazakhstan: The first decade of independence was not easy for Kazakhstan. The size of its economy and per capita income were nearly halved, partly due to its dependence on trade with Russia, its industrial production was also cut in half, and agricultural output fell by a third. Capital investments were only twelve percent of 1989 levels, despite attracting the highest levels of foreign investment of any FSU country. Nearly half of the people were under the poverty line. With Uzbekistan, it suffered serious environmental problems around the dying Aral Sea.

Kazakhstan’s economy underwent a major revival from about 2000, driven primarily by rising international petroleum prices. As a major gas and especially oil producer, the government made a number of high profile deals with Western oil companies, as well as agreements with Russia for development of the Caspian Sea and adjacent areas. Economic growth has been above eight percent
throughout this decade, and consequently Kazakhstan’s government budget and international finances have been in excellent shape. Kazakhstan’s government has assiduously pursued closer ties with Russia, seeking to have Moscow as an unofficial guarantor of its continued existence. As a geographically, economically and ethnically diverse landlocked country, Kazakh leadership feels that Russian friendship is critical to its future. This puts it in opposition to other Caspian states, such as Azerbaijan and Uzbekistan. Kazakhstan is the only former Soviet republic whose native ethnic group is in a minority. While still the largest group in the country (about forty percent) in 1989, there was nearly an equal number of Russians (thirty-eight percent), and large numbers of Germans and Ukrainians. Managing the ethnic cleavages has been perhaps the biggest political challenge since independence. The regime of Nursultan Nazarbaev has tried to mollify the Russian minority, while suppressing any separatist moves on their part. It also moved the capital from Alma Ata to Astana (renamed Astana or “capital”), a strongly Russian area, in 1998. Repeatedly reflected with anemic opposition, Nazarbaev may be viewed as a slightly more benign version of Lukashenko. Kjoernet, et al. refer to the Central Asian states, such as Uzbekistan, Kazakhstan, and Tajikistan as former dissidents sought to forge workable political systems. However, few were able to develop truly autonomous governments and command economies in 1989, but its incomplete pre-1939 political development meant it had only limited regional historical models to work with. For the first years of independence, policies were fractions, as former dissidents sought to forge workable governance and members of the ancien régime attempted to recast themselves as Western-style social democrats. Ethnic divisions that were absent in the Balkans were relatively mild from Hungary northward.

Eastern Europe: Like Latin American nations, the former Communist nations considered in this study have inchoate rules that are in a state of flux. Rules vary greatly, even between neighboring countries, but one can discern a few general patterns across regions, based on common cultural, economic, and state characteristics. Traditional Eastern Europe has centuries of semi-Western cultural development behind it, developed as a bastion of Western philosophy and religion, and has been heavily influenced by Western ideas and cultural patterns. To be sure, traditional Eastern European society was more paternalistic, feudal, and communitarian than its more liberal, individualistic Western neighbors, but noted for occasional spurts of progressive development, especially in Poland, Bohemia, and Hungary. Its economy was never as developed as Northwestern Europe, but was far more advanced than the Russian Empire. Governments were authoritarian, but owing to rule over polyglots, neither overly intrusive nor effective.

The Communist period had a profound effect on the psyches of Eastern Europeans, as they lost control of their destinies to an essentially foreign ideology imposed on them by Soviet military force. But, the communist ideology never fully penetrated the society, and the Soviets and their client governments appeased Eastern European publics with limited degrees of economic liberalization (“goulash communism” in Hungary), market liberalization (Romania), or religious freedom (Poland). Yugoslavia and Albania attained sufficient independence from the Soviet bloc that they were able to develop indigenous variants of Communism, as part of its pact of governance. Belgrade granted limited autonomy to its constituent republics. Only superficially communized, Eastern Europe easily discarded totalitarian governments and command economies in 1989, but its incomplete pre-1939 political development meant it had only limited regional historical models to work with. For the first years of independence, policies were fractions, as former dissidents sought to forge workable governance and members of the ancien régime attempted to recast themselves as Western-style social democrats. Ethnic divisions that were absent in the Balkans were relatively mild from Hungary northward.

Eastern Europe’s rules are at once inchoate and shaped by its rich past. First, the region is a middle ground between Western Europe and Russia, and Janus-faced, must look both warily East and hopefully West. Thus, its policies are involved in perpetual balancing acts: tradition vs. change, authoritarianism vs. democracy, and accommodation of various factions. Second, collective desires shape and constrain political possibilities: democratic aspirations (the general desire to make democratic capitalist societies work), desire to join the Western framework (NATO first, the EU later), coupled with limited economic development and major social and environmental difficulties left over from the pre-1989 era. Third, Eastern European politics approximate the “normal” politics of Western Europe, with vigorous competition and frequent turnover in power, yet there is as yet no consensus about acceptable political behavior, and so politics tend to be more raucous, polarized, and zero-sum. As the Visegrad, Baltic, and Balkan countries have
become used to democracy and integrated into NATO and the EU, these patterns have to some degree shifted toward the toward the latter.

Key Factors in Transition: What have been the key transition factors in the regions discussed above? Zacchetti states that all of the Eastern European reform courses had common characteristics. First, all governments felt there was “no alternative” to junking the central economic planning, due to strong demands for individual economic freedom. A Chinese or pre-1989 Hungarian hybrid system, involving simultaneous elements of command and market economies, was seen as having too many problems of management and control. Second, all had to liberalize prices quickly, though they tried to keep controls on certain sectors, such as energy. Third, economies were opened to foreign competition, through ending of government controls over trade, introduction of convertible currencies, and devaluation. Fourth, there was a high degree of “legislative shock,” as countries had to completely rewrite laws dealing with private property and operation of markets. Finally, all countries had to deal with problems of excess liquidity through macroeconomic stabilization.

Nonetheless, there was incomplete action in a number of areas, such as laws and regulations dealing with labor markets, restructuring of both private firms and SOEs, and bankruptcy. Governments were also slow to deal with needs for retraining, lack of financing for start-ups, or overall industrial policy. As countries gradually shifted from “transition” to “integration” with the EU after about 2000, they entered a second phase of reforms, i.e., a change in focus from de-communization and privatization to creating Westernized economic structures and regulatory regimes.

Political and Economic Transitions

Political and economic transitions cannot be separated. By the nature of the transition process, they are closely linked and constantly interact. Economic reforms come through the political process, and alter the social and political fabric as they take effect, in turn necessitating new institutions, new modes of governance, new interest demands, new constituencies, and new modes of participation. Political reforms stimulate desires for higher growth, productive investment, redistributive equality, and effective macroeconomic and microeconomic management. Often, the shape of political transitions is determined by key economic and social forces at work. Important economic factors include the degree of affluence, growth rates, economic structure, and importantly, amount of “human development” (i.e., quality of life). Also playing roles are the degree of stability in the social and political system, and unpredictable circumstances and events.

Comparative political studies present a smorgasbord of factors that attempt to explain political transitions. These can be divided into three groups. The first concerns the overall political system. Approaches dealing with the capacity of the system and the role of citizens fit here, as do traditional statist approaches that focus on state autonomy and capacity. The second deals with cultural, social, and economic factors. These include approaches dealing with: 1) modernization of countries, as they shift from agriculture-based to industry-based economic structures, 2) cultural conditions, i.e., the preeminence or hegemonic socio-religious or ideological framework that provides an important background for political and economic changes, 3) the nature and degree of cleavages in a society, which usually split along ethnic, class, and religious lines. The third involves the institutions and operations of politics. Institutional approaches—the most traditional, since they go back to the ancient Greeks—examine the relationship between types of institutions and, say, economic performance. Issues include: democratization, regime stability, citizen participation, presidential vs. parliamentary systems, and federalism vs. unitary systems. Other strictly political studies pertain to the operations and transitions (to and from authoritarian regimes, institutionalization, legitimacy, and individual political actors).

Lane and Ersson suggest that transition processes are shaped powerfully by the interaction of four factors, arranged in a square grid: market exchange and strong state involvement in the economy; vs. democracy or dictatorship. Market democracies include the U.S., Switzerland, and Japan, while typical market dictatorships have been Chile and the Congo. Democracies with extensive state involvement included the Scandinavian countries and Austria, whereas dictatorships with extensive intervention have included the Soviet Union, Argentina in the 1970s, and Brazil at the same time.

Among the first major scholars to deal with political transitions was Rustow, who focused on the process of democratization. He delineated important conditions leading to democracy, or necessary for the maintenance of democracy, and noted the mixture of economic and political forces that accounted for transition—and how often the transition process depends on related events and explicit choices made by leaders and other actors. He introduced the notion of phases of democratization: 1) the “preparatory phase,” in which major battles over structural and cultural issues are waged between incumbent elites and the opposition, 2) the opposition triumphs in the “decision phase,” wherein the two elites must bargain over the shape of the transition, and 3) the “habituation phase,” when the new elite has to consolidate democracy and accommodate the people to the new system. The latter period is perhaps the most challenging, as political action is at once limited by the new structure and institutional effectiveness is challenged by a welter of unleashed political forces.

Since Rustow, studies have political transition have become a growth industry. Among the more noteworthy approaches are those of O’Donnell (the process of “deepening,” leading to insertion of bureaucratic authoritarian regimes), Linz and Stepan (who focus on elections and politicians), and Share and Mainwaring (who emphasize the process of bargaining). Haggard and Kaufman stress the “effects of economic conditions on preferences, resources, and strategies.” Berno concentrates on elite behavior. For instance, Spanish and Portuguese incumbent elites of the 1970s feared extremists, but felt they would probably be defeated, so were willing to grant democracy. Greek elites were also afraid of extremists, but believed moderates would win, so saw democracy as an escape. Chinese elites in 1989 saw the possibility of pro-democracy activists winning as an “intolerable threat,” and so crushed the
Tienanmen movement. Murck and Leff take elite attitudes further by schematizing the “agent of change” (incumbent and “counter-elites”) vs. the change strategy employed (degree of confrontation or accommodation). Where incumbent elites are agents of change in a climate of confrontation, a “revolution from above” may result, e.g., as in Bulgaria. If they lead in an atmosphere of accommodation, “conservative reform” may result. By contrast, counter-elites as agents of change in a confrontational climate lead to social revolution. If they lead under terms of accommodation, a “revolution from below,” as in Chile, can occur. Most cases do not fit neatly, but instead are examples of “reform through rupture” (Czech and Argentina), “reform through extrication” (Hungary), or “reform through transaction” (Poland or Brazil).

Various scholars have questioned whether the post-communist nations can be compared to other nations that have undergone political economic transitions in recent decades. The most obvious comparisons are to Southern Europe and the “CEE-5,” i.e., Poland, the Czech Republic, Slovakia, Hungary, and Slovenia. The outlook for successful political and economic transitions in all five countries are currently quite bright, as they have become fully integrated into NATO and the EU much earlier than expected. The prospects are more guarded for Ukraine, cloudy for the Balkans, and dark for Russia. The Balkans and Russia, with their severe economic conditions, conflictual politics and problems of governance, appear most like Latin America. Central Asia, with its gradualism, strong states, and apparent political quiescence, looks like South Korea, Taiwan and the Philippines before the transition processes began. The East Asian communist nations constitute the most unusual group examined here, since unlike either Central Asia or Eastern Europe, they have undertaken major economic reforms without attempting serious political reforms.

Contending Comparative Political Theories

Political economy theory uses three major approaches to examine important issues. These can be loosely classified as the statist/neo-mercantilistic, liberal economic, and radical/Marxist schools. What could the three have to say about the process of political economic transition in the three regions? For statisticians, who view the state as the key actor in the process of economic development (i.e., industrialization), the centrality of politics in all three regions could clearly be seen as a vindication. It illustrates three distinct approaches, and hence the supreme flexibility of the state concept—democratic and accommodationist in Eastern Europe, authoritarian and managerial in Central Asia, striving for political and social stability amidst rapid economic change in East Asia. These three were modeled on successful states in other regions, e.g., Chinese borrowing from South Korean experience or Polish and Czech acceptance of Western democratic norms. The contrasting poor performance cases of the Balkans and Russia are the exceptions that prove the rule: lack of effective institutionalization combined with overly conflictual politics have made these nations developmental basket cases.

Politics has been front-and-center of the transitional experience in all three regions, yet to the contrary, one may argue that economics, not politics has determined their course of development. Economic liberals note that those countries which have had the best economic performance over the past decade are those that have most liberalized their economies; not coincidentally, they are also the most politically stable, and in Europe, most democratic, as well. Liberals often cite China as a premier example, at least in the first decade of liberalization, of a country doing most things right. Overholt, for instance, glowingly presents a China that has prospered and eliminated poverty because it followed a much different path than the former Soviet Union: it nurtured agriculture, downgraded state-owned enterprises (SOEs), and “emphasized gradual, carefully sequenced reform.”

Radicals argue that neither politics nor economics alone adequately explain the erratic and varying performances of Eastern Europe and Central Asia. World systems theory, for instance, sees post-1989 developments as the latest stage of the incorporation of the whole planet into the world capitalist system. Eastern Europe is bound tightly as a semi-periphery (CEE-5 nations) or periphery (the Balkans) to the Western European core, Central Asia is emerging as a new energy-producing periphery, and the East Asian quasi-communist states serve as a cheap labor periphery, principally for Japan and the U.S. Similarly, dependency suggests that these regions have been allowed to change, but not to shake obvious ties of dependency. The East Asian nations, including both the communist and democratic-capitalist developing states, would be clear cases of dependent development. Central Asia, while it has escaped its former dependency on Russia, is now largely dependent on growing economic ties with the West and Japan. Eastern Europe, similarly, has escaped the Soviet empire, only to become the dumping ground for obsolescent Western industries, and market to sell Western industry.

As with any political theory, how one looks at cases determines the results. Each of the three approaches has something to recommend it, and each has serious drawbacks. It is dangerous to take snapshots of the process, since it is dynamic and evolving. Eastern Europe and Central Asia have had only a single decade to generate an alternative to Marxist-Leninist economic development. That they have taken two markedly different paths and met with varying degrees of success is to be expected, given their vastly differing
International Journal of South Asian Studies

The form of governance used. By contrast, the notion that economic outcomes depend on Central Asia (plus Russia) powerfully support a decade? Experiences in Eastern Europe and nations, i.e., lack of institutionalization, chaotic and volatile politics, wild economic swings, and unusual problems, but is nevertheless well within the mainstream of development studies. Thus, the experiences of East Asia and Central Asia share various features with developing nations, i.e., lack of institutionalization, chaotic and volatile politics, wild economic swings, and poorly developed markets (relative to developed countries).

Second, are there any general rules—as suggested by Wynia and others—for transition that can be abstracted from the experience of the three regions in the past decade? Experiences in Eastern Europe and Central Asia (plus Russia) powerfully support the notion that economic outcomes depend on the form of governance used. By contrast, China’s gradual economic liberalization/political quiescence approach, managed in fits and starts over two decades, has produced the most consistently strong economic growth of any country here studied. This has been partly due to early concentration on “easy” agricultural and urban market reforms, as well as Maoist era pent-up demand and native entrepreneurial traditions. Nonetheless, it is striking that the Chinese government has consistently eschewed any sweeping “Big Bang” approach to liberalization. The Balkans and Russia have experienced the worst economic performance, and both have endured combinations of serious ethnic strife, lawlessness and feeble economic policy. Eastern Europe has had perhaps the second best economic performance, though taking over a decade to recover to pre-1989 economic levels, and has accomplished the fullest political liberalization-cum-democratization. Accordingly, the region (especially the Visegrad countries and Slovenia) has the most balanced record and is most likely to be copied for future nations in transition. The Central Asian republics stand somewhere in the middle as works in progress. Though its politics remain largely frozen, a la China, there are at least some elections and other democratic elements that could portend future flowering of civil society.

This seems to have been true, regardless of the sequence of reforms. Zecchini, for instance, draws the difference between: 1) the “front-loaded” strategy of Poland, the Czech Republic and Russia, where economic stabilization packages came early, 2) an emphasis on liberalization over privatization and restructuring in Bulgaria, and 3) a “step-by-step approach,” involving gradual liberalization of prices and trade, as well as rolling privatization, enterprise reform, financial restructuring and stabilization, in Romania and Hungary. 45

Third, is there a general sequence of transition. In both Eastern Europe and Central Asia, post-1989 period can be divided into at least three political economic periods. First was the period of transition, roughly 1989-1994, when new governments replaced former communist regimes and a tremendous level of euphoria swept the old order away. The new regimes accomplished sweeping economic, political and social changes, but falling economies created hardships that, in many cases, led to their ouster by 1994. Balcerowicz notes that this depended on the difficulties of inherited conditions, differences in political organization between the former communists and opposition (communists were often better organized), cleavages on non-economic issues, i.e., nationalist, religious, and ethnic grievances. 46 The second period, 1994-1997 was a time of consolidation, in which economic decline was reversed, and political institutions began to function more normally. The most recent period, 1997-present has seen a gradual return to growth, as most economies surpassed their 1989 levels. Most governments had gone through several rounds of national elections, and the notion of the peaceful transition of power between governing parties and a “loyal opposition” had become well established in Eastern Europe.

By comparison, East Asia can be characterized somewhat differently. Instead of a general time scale for the region, there have been general phases that all have passed through, though at different times. Since political reforms have been few and spotty, it is more appropriate to refer to the trajectory of economic reform. One can refer to early, middle, and mature economic reforms in all cases. In China, for instance, the early reforms centered on the “easy” transformation of, first, agriculture, then urban markets and SOE responsibility. Middle reforms centered on more complicated issues such as price reform and financial restructuring, and engendered protests and backtracking. Failure to address demands for political reforms, accompanied by divisions in the leadership and an outcry against corruption, led directly to the Tienamen Massacre of 1989. After a period of retrenchment, China embarked on a more comprehensive program to control inflation and revamp its SOEs. Vietnam’s reforms have lurched far less than China’s: a period of initial reforms in the mid-1980s was followed by a brief retrenchment and renewed reforms by the early 1990s.

Blecher suggests that the Chinese experience was not merely reform, but a process of creating “new forms” of political control and economic activity, and a “basic transformation” of the class structure created in the Maoist period. China’s 1980s reforms settled into a “rhythm” of advance, criticism and retrenchment, and renewed advance. 47

Conclusions

The world watched the Eastern European revolutions of 1989 with awe. Nations held hostage for a generation shrugged off Communism so easily that nearly every observer was caught off guard. What has happened since the easy democratic victories of 1989 has been nearly as remarkable. First, in most countries, was a three-stage pattern
of political development operating roughly in response to economic decline, growth, and nascent maturation through the mid-2000s. Second, a divergence of political experience among four separate regions: relative political stability in the Visegrad countries, political instability in the Baltic countries, relative political instability in Southeastern Europe, and strongman democracy in the former Soviet Union (excluding the Baltic states). What general implications for political and political economic transitions can be drawn from the Eastern European experience? First, the Eastern European transition has been a more-than-usually complicated business, since the nations in transitions have had to accomplish, not only a change of regime as in Latin America, South Korea or the Philippines, but simultaneously several vital tasks: creation of new political institutions, cultivation of democratic habits (inculcation of trust, buildup of legitimacy, tole-ration of dissent, agreement to disagree, and ability to compromise), reform of non-functioning economic institutions, liberalization of economic interaction to create markets where none had existed. Second, the early euphoria of 1989 quickly gave way to disillusionment as living standards fell in all regions of Eastern Europe. This led to restorations of (repackaged) former communists to power by the mid-1990s in most countries, a development that would probably have been inconceivable at the beginning of democratization. Once the neo-socialists had proven themselves little better than the democrats at wielding power, growth had returned and the democrats had reorganized, most countries settled into a more “normal,” Western European-style pattern of politics. Neither side completely held the upper hand, and power more easily alternated from side to side. Third, the Visegrad economies showed that stability with growth would probably return to the entire region in time. This could bolster more normal politics in Southeastern Europe, the Baltic states, and perhaps even parts of the former Soviet Union.

Even though there seems to be a rough relationship between economic development and political fortunes since 1989, the relationship is anything but straight-forward, and unpacking will take much work by economists and political scientists. In part, this is because elections or changes in political power do not precisely coincide with economic turning points. Even when they happen nearly simultaneously, the exact effect of economic changes may not be clear because of lag time between the onset of changes and impacts on the aggregate economy. Also, various wildcards, such as strength of leadership, degree of scandal, relative effectiveness of electoral campaigns, and external factors, have proved vital political factors in each country. Perhaps the only political research hypotheses from Eastern Europe’s experience that can be advanced with any degree of confidence are: first, voters tended to punish the party in power; and third, neither non-communist and repackaged communist governments was better able to manage the transition from centrally planned to capitalist market economies.

What does the future hold for the political development of Eastern Europe? As since 1989, that probably depends on the region in question. Things clearly look brightest for the Visegrad countries, as integration of all into the EU has proceeded well. Joining Western Europe has strengthened the economies and so living standards of these countries, and accordingly solidified Western-style politics and governance. Southeastern Europe and the Baltic countries will take longer to recover their economies, even as they enter the EU, so their politics will continue the oscillations of the 1990s for perhaps another decade. Growing ties with the West are helping them economically, as happened to the Visegrad nations in the 1990s. The former Yugoslavia and parts of the former Soviet Union will take longer to recover economically, and will struggle to put aside the legacy of authoritarianism.

Russia and Belarus have shown a stubborn tendency toward strongman rule that may remain for some time. The initial transition was a complete disaster for Russia, as the Soviet economy imploded and the “oligarchs” took over most industries. The regime of Vladimir Putin has been no friend of democracy, but its petroleum-driven economic policies and gradual state appropriation of oligarchs’ holdings has been quite popular because many Russians feel that it is the nation’s best hope for national revival. Russia is morphing into a strong developmentalist, semi-democratic state playing a leading role in economic development, a la Meiji era Japan, and South Korea or Taiwan during the 1960s to mid-1980s. Once Russia has successfully transited its resource-based developmental arc and rebuilt itself as an industrial state, will it then fully democratize like Japan in the 1940s-1950s or Taiwan and South Korea in the late 1980s to1990s? Currently, the signs are not promising, but if political economic history teaches us anything, it is that the process of political economic change never stops.

Can the rest of the world learn lessons from Eastern Europe’s post-1989 experience? Yes and no. To be sure, that experience is a non-repeatable series of events relating to the collapse of the Soviet empire. Moreover, most of the developing world does not start any transition with the kind of industrial economy and infrastructure that most Eastern European countries possessed at the beginning of transition. On the other hand, many developing countries have undergone the kind of wrenching political changes (or indeed civil war) that the Eastern Europeans have known in recent years. They certainly can learn from the Polish, Czech and Hungarian ability to construct peaceful functioning democracies in short order.

Notes


The Indian Response to the Global Financial Crisis

Sumanjeet Singh

Abstract

The effects of the global financial crisis have been more severe than initially forecast. By virtue of globalization, the moment of financial crisis hit the real economy and became a global economic crisis; it was rapidly transmitted to many developing countries. The crisis emerged in India at the time when Indian economy was already preoccupied with the adverse effects of inflationary pressures and depreciation of currency. The crisis confronted India with daunting macroeconomic challenges like a contraction in trade, a net outflow of foreign capital, fall in stock market, a large reduction in foreign reserves, slowdown in domestic demand, slowdown in exports, sudden fall in growth rate and rise in unemployment. The Government of India has been highly proactive in managing this ongoing crisis with a slew of monetary and fiscal measures to stabilize the financial sector, ensure adequate liquidity and stimulate domestic demand. As a result of this combining with many several structural factors that have come to India’s aid, India’s economic slowdown unexpectedly eased in the first quarter of 2009. The present paper makes an attempt to assess the impact of global financial crisis on the Indian economy and discuss the various policy measures taken by government of India to reduce the intensity of impacts. The paper also highlights recovery of Indian economy from crisis and in the end of paper concluding remarks are given towards.

Key Words: Crisis, India; Impact, Policy, RBI

JEL Codes: E6, E10, E44, G33, G3

1. Introduction

The present financial crisis which has its deep roots in closing year of the 20th century became apparent in July 2007 in the citadel of global neoliberal capital, the United States, when a loss of confidence by investors in the value of securitized mortgages resulted in a liquidity crisis. But the crisis came to the forefront of business world and media in September 2008, with the failure and merging of many financial institutions. The crisis’s global effects differentiate it from the earlier crisis like Asian 1997-98 crisis, which spread, only to Russia and Brazil or from the debt crisis of the early 1980s that affected the developing world. It is different from the recession of 1973-75 and 1979-81 because they did not propagate as fast and hardly affected Soviet Union, China and India. Added to this, in...
previous times of financial turmoil, the pre-crisis period was characterized by surging asset prices that proved unsustainable; a prolonged credit expansion leading to accumulation of debt; the emergence of new types of financial instruments; and the inability of regulators to keep up (ADB, 2008). The immediate cause or trigger of the present crisis was the bursting of United States housing bubble (Also known as Sub-prime lending crisis), which peaked in approximately 2006-07. In March 2007, the United States’ sub-prime mortgage industry collapsed to higher-than-expected home foreclosure rates, with more than 25 sub-prime lenders declaring bankruptcy, announcing significant losses, or putting themselves up for sale. As a result, many large investment firms have seen their stock prices plummet. The stock of the country’s largest sub-prime lender, New Century Financial plunged 84%. Liquidity crisis promoted a substantial injection of capital into the financial markets by the US Federal Reserve. In 2008 alone, the US government allocated over $900 billion to special loans and rescues related to the US housing bubble, with over half going to the quasi-government agencies of Fannie Mae, Freddie Mac and the Federal Housing Administration. Bailout of Wall Street and the financial industry moral hazard also lay at the core of many of the causes.

Initially, it was thought that other major world economies would not be significantly affected. But, the crisis of U.S. quickly became a global problem (UNCTAD, 2009), affecting major economies worldwide both directly and indirectly. The sub-prime crisis in the US, following the collapse of the housing sector boom, has sent ripples through the economies of many countries (Pradhan, 2007). The crisis has brought about a slump in economic growth (Figure 1) in most countries and has been called the most serious financial crisis since the Great Depression, with its global effects characterized by the failure of key businesses, decline in the consumer wealth estimated in the trillion of U.S. dollars, rapid decrease in international trade, slowdown in foreign investments, steep falls in industrial productions, substantial financial commitments incurred by the governments, and significant decline in the economic activity.

Such sectors as stock markets and bank investment funds have been badly affected worldwide, especially in US and BRIC (Brazil, Russia, India and China) countries (Figure 2). The central banks of many countries on these continents have taken evasive action to prevent credit crises that could lead to economic recession. Thus, the current financial crisis is more global than any other period. The January 2009 update of the World Economic Outlook (WEO, 2009) projects global growth to slow from just under 3.5 per cent in 2008 to 1.5 percent in 2009. The global financial crisis initially affected advanced economies, emerging economies, and low-income economies in very different ways.

Advanced economies were first hit mainly by systemic banking crisis in the US and Europe (Nanto, 2009), emerging markets with well-developed financial systems was initially mostly affected by cross broader financial linkages through capital flows, stock market investors and exchange rate. Under developing and poor countries have been mostly insulted (Panagariya, 2008) from the first round effects of the financial crisis owing partly to sound macroeconomic management, but also because of the underdeveloped nature of the financial markets and are not well connected to international markets.

In the present paper an attempt has been made to study the impact of global financial crisis on the Indian economy. The...
The Impact of Global Financial Crisis on India

India’s economy has been one of the stars of global economies in recent years, growing 9.2% in 2007 and 9.6% in 2006 and has seen a decade of plus percent growth. Growth had been supported by markets reforms, huge inflows of FDI, rising foreign exchange reserves, both an IT and real estate boom, and a flourishing capital market. But, in the middle of 2008, price increases of global commodity (Hamilton, 2008), especially those of oil, metal and food took a toll on India. Inflation reached at 12.91 percent, the highest level seen for a decade. With this growth softened, budget deficits widened and trade balances worsened. Before the India could recover from the adverse impact of high commodity prices, the global financial crisis has come knocking. Initially, it was argued that India would be relatively immune to this crisis, because of the ‘strong fundamentals’ of the economy and the supposedly well-regulated banking system. But, a crisis of this magnitude was bound to affect globalized economy like India and it has (Jha, 2009). Economy began to slow down from the middle of 2007-08. After a long spell of growth, the Indian economy is experiencing a downturn. Industrial growth is faltering, inflation remains at double-digit levels, the current account deficit is widening, foreign exchange reserves are depleting and the rupee is depreciating. IMF has also predicted that Indian economy can not remain immune from global financial crisis and crisis will hit India’s growth story. Indian government is feeling the heat of global crisis in India. As a result, The Union Government has constituted a committee to consider issues raised by India Inc on global financial crisis and its impact on India. Some notable impacts of global financial crisis on the various segments of Indian economy are presented in section 2.1 to 2.4.

2.1: Reversals of Capital Flows, Depreciation of Rupee and Fall of Stock Market

The most immediate effect of that crisis on India has been an outflow of foreign institutional investment from the equity market. Foreign institutional investors, who need to retrench assets in order to cover losses in their home countries and are seeking havens of safety in an uncertain environment, have become major sellers in Indian markets. FIs have pulled out an estimated US $13 billion from Indian stock market in 2008 (Sumanjeet, 2009b). Almost immediately after the crisis surfaced FII registered a steel fall between October and November 2007, from $ 5.7 billion to minus 1.6 billion. Since then the downward trend of FII has remained unabated (Table 1).

FDI investment during 2008-09 was volatile but overall remained stable. Foreign investment received in 2008-09 was US $35.1 billion, slightly higher than the FDI received in 2007-08 (US $34.3 billion). A significant difference in the total investments of 2008-09 and 2007-08 has been on due to the inflow and outflow of foreign investment observed in 2007-08 and 2008-09 respectively.

The financial crisis has also created a shortage of money supply and India is also facing a credit crunch especially in terms of foreign exchange and the Indian Banking sector and forex markets are facing tight liquidity situations each passing day for the past quite some time. This liquidity crisis along with FII sell off has forced the Indian Rupee to devaluate (Sumanjeet, 2009b) like never before. The bullish sentiments of Rupee and Fall of Stock Market

As is to be expected, FII outflows have created a credit crunch especially in terms of foreign exchange and the Indian Banking sector and forex markets are facing tight liquidity situations each passing day for the past quite some time. This liquidity crisis along with FII sell off has forced the Indian Rupee to devaluate like never before. The bullish sentiments of Rupee and Fall of Stock Market

Table 1: Monthly Trends in Foreign Investments in 2008-09 (US $ Million)

<table>
<thead>
<tr>
<th>Months</th>
<th>Foreign Direct Investment</th>
<th>Foreign Portfolio Investment</th>
<th>Total Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
<td>3749</td>
<td>-880</td>
<td>2869</td>
</tr>
<tr>
<td>May</td>
<td>3932</td>
<td>-288</td>
<td>3644</td>
</tr>
<tr>
<td>June</td>
<td>2392</td>
<td>-3010</td>
<td>-618</td>
</tr>
<tr>
<td>July</td>
<td>2247</td>
<td>-492</td>
<td>1755</td>
</tr>
<tr>
<td>August</td>
<td>2328</td>
<td>593</td>
<td>2921</td>
</tr>
<tr>
<td>September</td>
<td>2562</td>
<td>-1403</td>
<td>1159</td>
</tr>
<tr>
<td>October</td>
<td>1497</td>
<td>-5423</td>
<td>-3746</td>
</tr>
<tr>
<td>November</td>
<td>1083</td>
<td>-574</td>
<td>509</td>
</tr>
<tr>
<td>December</td>
<td>1362</td>
<td>30</td>
<td>1392</td>
</tr>
<tr>
<td>January</td>
<td>2733</td>
<td>-614</td>
<td>2119</td>
</tr>
<tr>
<td>February</td>
<td>1466</td>
<td>-1083</td>
<td>381</td>
</tr>
<tr>
<td>March</td>
<td>1956</td>
<td>-889</td>
<td>1067</td>
</tr>
<tr>
<td>March-April</td>
<td>35146</td>
<td>-13855</td>
<td>21291</td>
</tr>
</tbody>
</table>

*Note: Highlight areas indicate negative investment*

Source: Reserve Bank of India
downward drift in FII began in November 2007. The Indian Stock Markets have crashed from a peak of around 21,000 in January 2008 to close to 10000 in December 2008. Stocks like RNRL, Ispat, RPL, Essar oil and Nagarjuna fertilizers have lost 50-70% of their value. The crisis in the global markets, a fall in the rupee and poor IIP numbers led to the fall.

2.2: Fall in Growth Rate, Industrial Output and Rise in Inflation

Second, the global financial crisis and credit crunch have slowed India’s economic growth. GDP started decelerating in the first quarter of 2007-08, nearly six months before the outbreak of the US financial crisis and considerably ahead of the surge of recessionary tendencies in all developed countries from August-September 2008. That was just the beginning of slowdown impact on India’s GDP growth. GDP growth for 2008-09 was estimated at 6.7% as compared to the growth of 9.0% posted in the previous year. All the three segments of the GDP namely agriculture, forestry and fishing, industry and services sector were seen to post growth of 1.6%, 3.8% and 9.6% respectively in 2008-09 against the growth of 4.9%, 8% and 10.8% respectively in 2007-08. Poor agricultural growth is also attributed to low monsoon in major parts of India (Figure 5).

Table 2 clearly shows that due to shrinkage in demand in the markets, it is not only manufacturing industry but also the services sector that is getting hit. The government came up with a set of stimulus measures to counter the slowdown.

Table 2: India’s Macroeconomic Indicators

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>GDP (at current prices, US Dollar)</td>
<td>599.4</td>
<td>700.9</td>
<td>808.7</td>
<td>916.7</td>
<td>1175.1</td>
<td>1175.2</td>
<td>1217.6</td>
<td>F</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP Growth (at constant prices, %)</td>
<td>8.5</td>
<td>7.5</td>
<td>9.5</td>
<td>9.7</td>
<td>9.0</td>
<td>6.1*</td>
<td>6.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture and Allied</td>
<td>10.0</td>
<td>0.0</td>
<td>5.8</td>
<td>4.0</td>
<td>4.9</td>
<td>16*</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>7.4</td>
<td>10.3</td>
<td>10.2</td>
<td>11.0</td>
<td>8.1</td>
<td>39*</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>8.5</td>
<td>9.1</td>
<td>10.6</td>
<td>11.2</td>
<td>10.9</td>
<td>9.7</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: *GDP Revised Estimates - Not Available.

Figure 5: Daily Mean Rainfall over the Country as a Whole (mm)

Source: Indian MAT Department
measures on three occasions to aid the ailing industry compromising on the deficits. These measures have however led to widening of fiscal deficits.

Further, India’s industrial output fell at its fastest annualized rate in 14 years, despite tax cuts and fresh spending programme announced by the government of India in December and January to boost domestic demand. Data released by CSO showed that the factory output shrank by 1.2 per cent in February, on week global and domestic demand. This is against growth rate of 9.5 per cent during the same month a year ago. Industrial output thus grew 2.5 per cent during April-February, against 8.8 per cent in the same period a year ago. Manufacturing, which constitutes 80 per cent IIP (Index of Industrial Production), contracted by 1.4 per cent in February, as production of basis, intermediates and consumer goods shrank compared with a year ago (Figure 6).

For a little over a year after the outbreak of financial crisis, the global economy experienced, between September 2007 and October 2008, a pronounced stagflationary phase, with the growth slowdown on the one hand and rising inflation on the other hand. So far as the Indian economy is concerned since prices of practically all petroleum products are administered and trade in agricultural goods is far from free, transmission of global inflation to domestic prices occurred with a time lag, from November 2007 rather than September 2007. Beginning of 2008 has seen a dramatic rise in the price of rice and other basic food stuffs. There has also been a no-less alarming rise in the price of oil and gas (Table 3). When coupled with rises in the price of the majority of commodities, higher inflation was the only likely outcome.

Indeed, by July 2008, the key Indian Inflation Rate, the Wholesale Price Index, has risen above 11%, its highest rate in 13 years. Inflation rate stood at 16.3 per cent during April to June 2008. This is more than 6% higher than a year earlier and almost three times the RBI’s target of 4.1%. Inflation has climbed steadily during the year, reaching 8.75% at the end of May. There was an alarming increase in June, when the figure jumped to 11%. This was driven in part by a reduction in government fuel subsidies, which have lifted gasoline prices by an average 10%.

2.3: Fall in Exports, Outsourcing Services and Service Sector

India’s exports fell the most in at least 14 years as the worst global recession since the Great Depression slashed demand for the nation’s jewellery, clothing and other products. It must be noted this growth contraction has come after a robust 25%-plus average export growth since 2003. A low-to-negative growth in exports may continue for sometime until consumption revives in the developed economies. The slowdown in the trade sector post April 2008 is more explicit. Exports have declined continuously since July 2008 except the month of December. They declined from US$ 17,095 million in July 2008 to US$ 11,516 million in March 2009, which accounts for almost 33% decline (Figure 7). India’s export of steel fall by a whopping 35 per cent to 3.2 million tonnes during the current fiscal buoyed by healthy domestic demand, Centre for Monitoring Indian Economy (CMIE). Automotive tyre exports from India also suffered a setback in the first quarter of current financial year, according to latest Tyre Manufacturing Association of India.

![Figure 6: Falling Industrial Output](source: Central Statistical Organization)
India. During the period exports registered a 22 per cent drop against that in the same period of 2008-09.

Further, worldwide slowdown in vehicles sales is likely to drag down India's components exports between zero and 5 per cent in the current fiscal. The Automotive Components Manufacturing Association has warned that if the slump in auto sales continues, exports could also be negative this year. Apparel exports from India have fallen sharply by 24 percent since August 2008 due to declining sales in the US and the European Union while those from Bangladesh, Indonesia and Vietnam are on an upswing. The current global meltdown has hit the country's cashew farmers. Official reports with the Cashew Export Promotional Council of India (CPECI) show that cashew kernel exports have dropped marginally from 11.5 lakh tonnes in 2006-07 to only 11 lakh tonnes in 2007-08. Indian seafood export during 2007-08 has also recorded a fall of 11.58 per cent in terms of quantity and 8.9 per cent in terms of rupee.

The domestic tea industry, which was showing some signs of recovery in 2008 after a long spell of recession since 1999, has been pushed back into gloomy the ongoing financial crisis. Software services receipts also declined by 12.7 per cent during Q4 of 2008-09. However, when compared with the performance in the first three quarters of 2008-09, software exports at US$ 11.2 billion during Q4 of 2008-09 was almost in line with an average software exports of US$ 11.9 billion recorded in the first three quarters of 2008-09.

Initially, the commerce ministry had set an export target of $200 billion for 2008-09, which was subsequently revised downwards to US$175 billion in January this year. However, the latest numbers reveal that India has missed even the revised target. While, imports fell 36.6 percent in April from a year earlier and the trade deficit narrowed to US$5 billion from US$8.7 billion in the same month in 2008, today’s report showed. Oil imports slid 58.5 percent to US$3.6 billion, while non-oil purchases dropped 24.6 percent to $12.1 billion. The sharp decline in both exports and imports during Q4 of 2008-09 led to a lower trade deficit (Table 4). The trade deficit on a BoP (Balance of Payment) basis in Q4 of 2008-09 (US$ 14.6 billion) was less than half of the average trade deficit (US$ 34.9 billion) recorded in the first three quarters of 2008-09. The trade deficit during Q4 of 2008-09 was much lower than that of Q4 of 2007-08 (US$ 22.3 billion).

A decelerating export growth has implications for India, even though our economy is far more domestically driven than those of the East Asia. Still, the contribution of merchandise exports to GDP has risen steadily over the past six years—from about 10% of GDP in 2002-03, to nearly 17% by 2007-08. If one includes service exports, the ratio goes up further. Therefore, any downturn in the global economy will hurt India. There also seems to be a positive correlation between growth in exports and the country’s GDP. For instance, when between 1996 and 2002 the average growth rate in exports was less than 10%, the GDP growth also averaged below 6%. A slowdown in export growth also has other implications for the economy. Close to 50% of India’s exports—textiles, garments, gems and jewellery, leather and so on—originate from the labour-intensive small- and medium-enterprises. A sharp fall in export growth could mean job losses in this sector. This would necessitate government intervention. A silver lining here, however, is the global slowdown will also lower cost of imports significantly, thereby easing pressures on the balance of payment.

The current crisis parallels the 2001-2002 bust especially for India’s outsourcing (BPOs and KPOs) sector. The outsourcing

### Table 4: Major Items of Balance of Payment (US$ Million)

<table>
<thead>
<tr>
<th>Item</th>
<th>April-June</th>
<th>July-September</th>
<th>October-December</th>
<th>January-March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008-09 (PR)</td>
<td>2008-09 (PR)</td>
<td>2008-09 (PR)</td>
<td>2008-09 (PR)</td>
</tr>
<tr>
<td>1. Exports</td>
<td>34,356</td>
<td>48,120</td>
<td>38,273</td>
<td>48,087</td>
</tr>
<tr>
<td>2. Imports</td>
<td>56,346</td>
<td>80,545</td>
<td>59,510</td>
<td>87,663</td>
</tr>
<tr>
<td>3. Trade Balance (1-2)</td>
<td>-21,990</td>
<td>-31,425</td>
<td>-21,237</td>
<td>-38,676</td>
</tr>
<tr>
<td>4. Invisibles, net</td>
<td>15,310</td>
<td>22,406</td>
<td>16,940</td>
<td>26,164</td>
</tr>
<tr>
<td>5. Current Account Balance (3-4)</td>
<td>-6,680</td>
<td>-9,019</td>
<td>-4,297</td>
<td>-12,512</td>
</tr>
<tr>
<td>6. Capital Account Balance</td>
<td>-17,900</td>
<td>11,253</td>
<td>33,513</td>
<td>7,778</td>
</tr>
<tr>
<td>7. Change in Reserves</td>
<td>-11,200</td>
<td>-2,235</td>
<td>-29,236</td>
<td>4,734</td>
</tr>
</tbody>
</table>

Source: Reserve Bank of India.

![Figure 7: Export Performance after 2006-09](image_url)
sector is heavily dependent on demand from the US and Europe, which are currently going through a deep recession. This is going to have a strong negative impact on Indian IT groups. Approximately 61% of the Indian IT sector’s revenues are from US clients and 20% from UK, the rest comes from other European countries, Australia etc. Just take the top five India players who account for 46% of the IT industry’s revenues, the revenue contribution from US clients are approximately 58%. The outsourcing arm of Infosys Technologies, India’s second-biggest software maker, and iGate Global Solutions, both based in Bangalore, lost a major client when GreenPoint Mortgage was shut down by parent Capital One Financial Corp. About 30% of the industry revenues are estimated to be from financial services.

After exports, there seems to be bad news in store for the domestic IT and BPO market in 2009 which is expected to grow only 13.4 per cent being the slowest growth since 2003. This will largely on the back of slower IT consumption in some key verticals including retail and financial services. Large Indian firms such as TCS, Infosys, Wipro, Satyam, Cognizant and HCL Technologies collectively referred as SWITCH vendors are now forced to reconcile to a lower growth rate as their larger banking and auto clients became victims of the financial crisis. The SWITCH vendor account for over half of the country’s software exports. The industry, which grew by 30 per cent on a compound annual basis over the past five years, is likely to see its growth rate halve this year as the economic turmoil intensifies. In fact, the Indian IT and BPO market is slated to see 16.4 per cent CAGR in the coming five years, compared with 24.3 per cent growth recorded between 2003 and 2008 (Table 5).

In addition, from a qualitative standpoint, the tentacles of the financial sector business are quite well-entrenched and have significant structural impact as well. A recent study by Forrester reveals that 43% of Western companies are cutting back their IT spend and nearly 30 percent are scrutinizing IT projects for better returns. Some of this can lead to offshoring12, but the impact of overall reduction in discretionary IT spends, including offshore work, cannot be denied. The slowing U.S. economy has seen 70 percent of firms negotiating lower rates with suppliers and nearly 60 percent are cutting back on contractors. With budgets squeezed, just over 40 percent of companies plan to increase their use of offshore vendors.

The service sector, which contributes over 55 per cent to India’s economy, has started showing a marked deterioration due to the global financial crisis, credit crunch and higher interest rates during recent months, according to a survey carried out by apex business chamber FICCI. During April-November 2008 various services has a negative performance (Table 6). These were air passenger traffic, fixed line telephone subscribers, assets mobilization by mutual funds, asset under management of mutual funds and insurance premium.

<table>
<thead>
<tr>
<th>Services</th>
<th>Growth Rate(2007-08)</th>
<th>Growth Rate(2008-09)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Passenger Traffic</td>
<td>20%</td>
<td>-4.7%</td>
</tr>
<tr>
<td>Domestic Air Passenger Traffic</td>
<td>22.5%</td>
<td>-8.5%</td>
</tr>
<tr>
<td>Fixed Line Subscriber</td>
<td>-3.2%</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Assets Mobilized By Mutual Funds</td>
<td>54%</td>
<td>-50%</td>
</tr>
<tr>
<td>Assets Under Management of Mutual Funds</td>
<td>50%</td>
<td>-26%</td>
</tr>
<tr>
<td>Insurance Premium</td>
<td>23%</td>
<td>-2.7%</td>
</tr>
</tbody>
</table>

Source: Compiled by Researcher from Various Sources

The government has already admitted that the expected rate of economic growth could not come down to seven per cent. In fiscal 2007-08, the growth was 58 per cent compared to the previous year. Internet subscribers grew by 26 per cent (20 per cent), and Broadband subscribers by 87.7 per cent (23.6 per cent). The dipping performance in the services sector comes close on the heels of the manufacturing sector registering a negative growth and this would result in slowdown in the overall economic growth rate. The government has already admitted that the expected rate of economic growth could not come down to seven per cent.

2.4: Other Implications

Added to above mention, the major social costs of a recession are those associated with the enforcement of job cuts, lay off and significant upheavals in labour markets. Many companies are laying off their employees or cutting salaries for a few days in month or cutting production and not doing any further recruitment13. Official sources suggest that there has been already been a sharp fall in employment in the export oriented sectors like textiles and garments, gems and
The Indian Response to the Global Financial Crisis

Sumanjit Singh

jewellery, automobiles, tyre and metal products. The estimates show that in the year 2008-09, with export growth of 3.4%, the total job loss in India due to lower export growth was of around 1.16 million.

The job loss in the IT and BPO sector in the country topped 10,000 in the September-December 2008. While employees of medium-sized companies bore the brunt of job losses in the September-December period, it is going to be their counterparts in the big and small firms, who would increasingly face the axe in the coming six months. According to a recent report, over 50,000 IT professionals in the country may lose their jobs over the next six months as the situation in the sector is expected to worsen due to the impact of global economic meltdown on the export-driven industry, a forecast by a union of IT Enabled Services warned.

India’s travel and tourism sector has been hit by global financial crisis. The Indian tourism industry, valued at Rs 333.5 billion, earns most of its foreign revenues from the US, UK and European visitors. As per the industry, on account of recent crisis, the sector may lose as much as 40% of annual revenues. Even as per the estimates of the Tourism Committee of The Associated Chambers of Commerce and Industry of India (ASSOCHAM) on account of the global slowdown, the growth in tourism sector is likely to fall by a minimum of 10% and stay at around 5% YoY for FY09. Of the tourist visiting India, corporate travelers account of the majority chunk. This segment was already getting affected since the start of the year on account of the global credit and subprime crisis. With companies cutting down travel budgets, this segment exercised caution. While the recent terror attacks will affect this segment on a temporary basis, it is more likely to suffer due to the prolonged economic crisis. Hotels in the metros which largely cater to corporate tourists have witnessed a sharp dip in occupancy rates in the past few weeks, in some cases as much as 25% to 30%. As per hotel consultants IHS International’s analysis, almost all the top six hotel markets-Delhi, Mumbai, Chennai, Hyderabad, Bangalore and Kolkata have been impacted. While the room rates have officially increased hotels are selling corporate travel packages at huge discounts to maintain occupancy levels. Tour operators believe that the real discounts and tariff cuts are as high as 30% to 50%. The recent economic downturn has also been a cause of concern for the Indian hospitality industry. Taj brand of hotels reported a 73 per cent drop in its net profits at Rs 16 crore for the quarter ended June 2009 against Rs 61 crore in the previous corresponding quarter.

Last but not the least, the prices of food articles has increased by more than one-fifth in this one-year. This, obviously, affects household budgets, especially among the poor for whom food still accounts for more than half of total household expenditure. Meanwhile, non-food primary product prices have hardly changed. The prices of fibres-mainly cotton, jute and silk-have barely increased at all. Oilsseed prices have fallen by more than five percent. This, immediately, affects all the producers of cash crops, who will be getting the same or less for their products even as they pay significantly more for food. They are also paying more for fertilizer and pesticides, prices of which have increased by more than five percent. Another major item of essential consumption has also increased in price—that of drugs and medicines, up by 4.5 percent. This obviously impacts upon the entire population, but especially the bottom half of the population who may find it extremely difficult if not impossible to meet such expenditures in times of stringency.

3. Policy Responses from India

The global financial crisis has called into question several fundamental assumptions and beliefs governing economic resilience and financial stability. What started off as turmoil in the financial sector of the advanced economies has snowballed into the deepest and most widespread financial and economic crisis of the last 60 years? With all the advanced economies in a synchronized recession, global GDP is projected to contract for the first time since the World War II, anywhere between 0.5 and 1.0 per cent, according to the March 2009 forecast of the International Monetary Fund (IMF). The emerging market economies are faced with decelerating growth rates. The World Trade Organization (WTO) has forecast that global trade volume will contract by 9.0 per cent in 2009. Governments and central banks around the world have responded to the crisis through both conventional and unconventional fiscal and monetary measures. Indian authorities have also responded with fiscal and monetary policy and regulatory measures (Mishra, 2009).

3.1: Monetary Policy Measures

On the monetary policy front, the policy responses in India since September 2008 have been designed largely to mitigate the adverse impact of the global financial crisis on the Indian economy. In mid September 2008, severe disruptions of international money markets, sharp declines in stock markets across the globe and extreme investor aversion brought pressures on the domestic money and forex markets. The RBI responded by selling dollars consistent with its policy objective of marinating conditions in the foreign exchange market. Simultaneously, it started addressing the liquidity pressures through a variety of measures. A second repo auction in the day under the Liquidity Adjustment Facility (LAF) was also introduced in September 2008. The repo rate was cut in stages from 9 percent in October 2008 to rate of 5 per cent. The policy reverse repo rate under the LAF was reduced by 250 basis points from 6.0 per cent to 3.5 per cent. The CRR (Cash Reserve Ratio) was also reduced from 9 per cent to 5 per cent over the same period, whereas the SLR (Statutory Liquidity Ratio) was brought down by 1 per cent to 24 per cent. To overcome the problem of availability of collateral of government securities for availing of LAF, a special refinance facility was introduced in October 2008 to enable banks to get refinance from the RBI against declaration of having extended bona fide commercial loans, under a pre-existing provision of the RBI Act for a maximum period of 90 days. These policy measures of the RBI since mid September resulted in augmentation of liquidity of nearly US $80 billion (4,22,793 crore). In addition, the permanent reduction in the SLR by 1.0 per cent of NDTL (Net Demand and Time Liability) has made available liquid funds of the order of Rs.40,000 crore for the purpose of credit expansion (Table 7).

The liquidity situation has improved significantly following the measures taken by the Reserve Bank. The overnight money market rates, which generally hovered above the...
Table 7: Actual/Potential Release of Primary Liquidity-Since Mid-September 2008

<table>
<thead>
<tr>
<th>Measure/Facility</th>
<th>Amount (Rs. crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 CRR Reduction</td>
<td>1,60,000</td>
</tr>
<tr>
<td>2 Unwinding/Buyback/De-sequestering of MSS Securities</td>
<td>97,781</td>
</tr>
<tr>
<td>3 Term Repo Facility</td>
<td>60,000</td>
</tr>
<tr>
<td>4 Increase in Export Credit Refinance</td>
<td>25,512</td>
</tr>
<tr>
<td>5 Special Refinance Facility for SCBs (Non-RRBs)</td>
<td>38,500</td>
</tr>
<tr>
<td>6 Refinance Facility for SIDBI/NHB/EXIM Bank</td>
<td>16,000</td>
</tr>
<tr>
<td>7 Liquidity Facility for NBFCs through SPV</td>
<td>25,000*</td>
</tr>
<tr>
<td>Total (1 to 7)</td>
<td>4,22,793</td>
</tr>
</tbody>
</table>

Memo: Statutory Liquidity Ratio (SLR) Reduction 40,000

Table 8: Interest Rate-Monthly Average (In %)

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</tr>
</thead>
<tbody>
<tr>
<td>Call Money</td>
<td>7.37</td>
<td>9.90</td>
<td>4.18</td>
<td>4.17</td>
<td>3.25</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>10.38</td>
<td>14.17</td>
<td>9.48</td>
<td>9.79</td>
<td>6.06*</td>
</tr>
<tr>
<td>Certificates of Deposits</td>
<td>10.00</td>
<td>10.00</td>
<td>7.33</td>
<td>8.61</td>
<td>3.70</td>
</tr>
<tr>
<td>91-Day Treasury Bills</td>
<td>7.33</td>
<td>7.44</td>
<td>4.69</td>
<td>4.77</td>
<td>3.22</td>
</tr>
<tr>
<td>10-Year Government Security</td>
<td>7.69</td>
<td>7.80</td>
<td>5.82</td>
<td>6.57</td>
<td>6.83</td>
</tr>
</tbody>
</table>

Note: *related to May 2009

The Indian Response to the Global Financial Crisis

Sumanjeet Singh

Table 7: Actual/Potential Release of Primary Liquidity-Since Mid-September 2008

<table>
<thead>
<tr>
<th>Measure/Facility</th>
<th>Amount (Rs. crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 CRR Reduction</td>
<td>1,60,000</td>
</tr>
<tr>
<td>2 Unwinding/Buyback/De-sequestering of MSS Securities</td>
<td>97,781</td>
</tr>
<tr>
<td>3 Term Repo Facility</td>
<td>60,000</td>
</tr>
<tr>
<td>4 Increase in Export Credit Refinance</td>
<td>25,512</td>
</tr>
<tr>
<td>5 Special Refinance Facility for SCBs (Non-RRBs)</td>
<td>38,500</td>
</tr>
<tr>
<td>6 Refinance Facility for SIDBI/NHB/EXIM Bank</td>
<td>16,000</td>
</tr>
<tr>
<td>7 Liquidity Facility for NBFCs through SPV</td>
<td>25,000*</td>
</tr>
<tr>
<td>Total (1 to 7)</td>
<td>4,22,793</td>
</tr>
</tbody>
</table>

Memo: Statutory Liquidity Ratio (SLR) Reduction 40,000

The LAF window has been in a net absorption mode since mid-November 2008. The liquidity problem faced by mutual funds has eased considerably. Most commercial banks have reduced their benchmark prime lending rates. The total utilization under the recent refinance/liquidity facilities introduced by the Reserve Bank has been low, as the overall liquidity conditions remain comfortable. However, their availability has provided comfort to the banks/FIs, which can fall back on them in case of need.

Taken together, the measures put in place since mid-September 2008 have ensured that the Indian financial markets continue to function in an orderly manner. The cumulative amount of primary liquidity potentially available to the financial system through these measures is over US$ 75 billion or 7 per cent of GDP. This sizeable easing has ensured a comfortable liquidity position starting mid-November 2008 as evidenced by a number of indicators including the weighted-average call money rate, the overnight money market rate and the yield on the 10-year benchmark government security.

3.2: Fiscal Stimuli Packages

To contain the knock on effects of the global slowdown, the Government of India announced three successive fiscal stimuli packages during December 2008-February 2009 amounting to a total of Rs. 80,100 crore (US $16.3 billion) to the exchequer. These stimulus packages were in addition to the already announced post budget expenditure towards the farmer loan waiver scheme, rural employment guarantee and other social security programs, enhanced pay structure arising from the 6th pay commission, etc. As a result, net borrowing requirement for 2008-09 increased nearly 2.5 times the original projection in 2008-09 from 2.08 per cent of GDP to 5.89 per cent of GDP.

The government’s first fiscal package, announced on December 2008, a day after the central bank cut the Repo and Reverse Repo rates, has Rs 20,000 crore as additional expenditure, an across-the-board 4% excise duty cut amounting to Rs 8,700 crore and benefits worth Rs 2,000 crore for exporters.

In less than a month since the UPA Government announced its first fiscal stimulus package in December 08, the government again announced its second fiscal stimulus package dose which was combined with significant monetary measures from the RBI announcing further cuts in key benchmark interest rates, both being aimed at kick starting investments and stimulating demand in the economy which has seen a significant slowdown in demand arising out of recessionary conditions in several global markets. The second stimulus package has five elements this time which include a strong focus on interest rate reduction, additional liquidity enhancement to productive sectors, export sector being offered financial aid, a boost being given to the Infrastructure Sector and finally easier access to ECB’s (External Commercial Borrowings) and FIIs. The stimulus package announced has an additional plan expenditure of Rs. 20,000 crore during current year, mainly for critical Rural, Infrastructure and Social Security sectors, and measures to support Exports, Housing, Micro, Small & Medium Enterprises (MSME and Textile sectors. In this package, government has focused on the Infrastructure needs wherein the India Infrastructure Finance Company Limited (IIFCL) would be raising Rs. 10,000 crore to refinance infrastructure projects worth Rs 25,000 crore. It has also envisaged funding of additional projects worth Rs 75000 crore at competitive rates over the next 18 months. Funding for these projects to IIFCL would be enabled in tranches of additional Rs 30000 crore by way of tax-free bonds, once funds raised during current year.
are effectively utilized. (Estimated benefits to the tune of Rs 40,000 crore)

Barely a week after the presentation of the Interim Budget, the government came out with the third fiscal stimulus package in which further tax cuts costing Rs 29,100 crore or about 0.5 per cent of GDP were announced. The service tax was cut by two points from the prevailing level of 12 per cent and excise duty was reduced by a similar magnitude for items presently subject to 10 per cent.

The indications so far seem to be that the package of policy measures is not really having the intended impact of reviving the real sector. In spite of the more than Rs. 4,00,000 crore of liquidity released into the financial markets, the credit off-take has been remarkably poor (Nachane, 2009).

There are also questions on the appropriateness of the measure in the already strained fiscal scenario. The effectiveness of cuts in excise duty and service tax in providing a demand stimulus is doubtful—first, the tax cuts should result in price cuts and then, these should translate into higher demand in the situation of falling incomes. Furthermore, there will always be dissatisfaction when the tax cuts are reversed. Many, in fact, believe that fiscal stimulus is better served by expenditure increase rather than tax cuts not only because the impact is direct but also because it can be better targeted (Rao, 2009). Hopefully, the reduction in excise duty and service tax rates will facilitate the unification of the two taxes for levying the GST (Goods and Services Tax) at a reasonable rate when implemented. In any case, the entire episode of announcing tax cuts just after a week of presenting the Interim Budget points to the government’s lack of clarity in combating the slowdown.

3.3: Regulatory Measures

Recognizing that the unexpected and swift turn of events could lead to problems of a spiraling downturn; the RBI took a series of regulatory measures in addition to providing liquidity and special refinance. In November 2008, as a counter-cyclical measure, the additional risk weights and provisions were withdrawn and restored to previous levels. The prudential regulations for restructured accounts were modified, as a one-time measure and for a limited period of time in view of the extraordinary external factors, for preserving the economic and productive value of assets which were otherwise valuable. The modified regulations were in operation for applications for re-structuring received upto March 31, 2009 and restructured packages implemented within 120 days of receipt of application or by June 30, 2009, whichever was earlier. The modification permitted the restructured accounts to be treated as standard assets provided they were standard on the eve of the crisis, viz., September 2008, even if they had turned non-performing when restructuring had been taken up.

In case of NBFC, having regard to their need to raise capital, they were allowed to issue perpetual debt instruments qualifying for capital. They were also allowed further time of one more year to comply with the increased Capital to Risk Weighted Assets Ratio (CRAR) stipulation of 15 per cent as against the existing requirement of 12 per cent. Risk weight on banks’ exposures to NBFC, which had been increased earlier, was brought down. Further, NBFCs (Non Banking finance Company) that were not otherwise permitted to resort to overseas borrowings were allowed to raise short term borrowings’ housing finance companies were also allowed to access ECBs subject to RBI approval. Taking advantage of the discount on Foreign Currency Convertible Bonds (FCCBs) issued by India companies in overseas markets, they were allowed to prematurely buy back their FCCBs at prevailing discounted rates.

The impact of liquidity easing and prudential measures is reflected in the credit growth in the year ended June 2009 at 15.8 per cent against 26.3 per cent in the previous year. Though there was slowing down in the period after October 2008, the credit growth in the period October 2008 to June 2009 clocked annualized rate of 8.9 per cent. The credit growth during November-2008-May 2009 was higher than average for sectors such as infrastructure, real estate, NBFC, SME, agriculture and certain industries like iron and steel.

An unprecedented contraction in exports that has already continued for 10 successive months was the backdrop against which commerce and industry minister Anand Sharma presented a new foreign trade policy (FTP) on 27th August, 2009 whose highlights include tax refunds for exporters, lower transaction costs, promises of better export infrastructure and a broader strategy to ship more Indian goods and services to new markets in Latin America, Oceania and Africa instead of traditional, but recession-stricken markets in Europe and North America. With a target of US $200 billion exports for next fiscal and an annual export growth of 15%, the 2009-2014 FTP provides an extended tax holiday and duty refund for exporters. Under protectionism, the FTP had allowed duty free import of capital goods. With a view to double India’s percentage share of global trade in five years, and increasing employment opportunities, certain special initiatives have been considered for agriculture, handlooms, handicraft, gems and jewellery and leather sectors. To improve the infrastructure of the export sector, Towns of Excellence, and the associated units will be granted additional support and incentives. The 5% incentive for handicrafts under special focus would promote the industry interests. The policy aims to provide a thrust to the employment-oriented sectors, which have witnessed job losses due to recession, especially in the fields of textiles, leather and handicrafts. To give a boost to the drought-hit industry, the Textile Corporation of India is setting up cotton depots. The cotton prices shoot up during drought. These depots, will act as buffers for the industry.

4: Recovery of Indian Economy

It is interesting to note that after two years of recession, almost all the countries are rising again. Hence statements from politicians and others as well as official data which in other times would be seen to be pessimistic or at best neutral are now viewed as something to cheer about. In May 2009 the U.S. authorities allowed ten banks to return part of the money they had received from the government to shore up their financial position at the height of the crisis. Even though President Obama admitted that the crisis was far from over, the news of banks returning the money ahead of schedule was received positively by the markets. U.S. Treasury Secretary Timothy F. Geithner was probably alluding to the above development when he said that “the force of the global storm is receding a bit”. The role the U.S. government was committed to play to save the banks will probably get reduced. He also identified improving signs in the U.S. economy and better
outlook internationally. The good news was not confined to the U.S. alone. IMF in its recent report also mentioned that ‘global economic recovery has started’. According to reports, prices in China fell less sharply in May than in April giving rise to expectations that the US $686-billion stimulus package of the Chinese government was beginning to check deflationary forces. And latest GDP data from Brazil portend an upswing in its economy. Indian economy is also recovering slowly since the beginning of year 2009. However, the recovery rate is very slow. India’s economic slowdown unexpectedly eased in the first quarter. India's economic growth logged a notable acceleration to 6.1 per cent for the first quarter of this fiscal from 5.8 per cent for the quarter before due to strong showing by various services industries (Figure 8).

The growth registered by the farm sector at 2.4 per cent and manufacturing at 3.4 per cent remained below the overall expansion, showed the data on the country’s gross domestic product released by the Central Statistical Organization (CSO). The best performance was from the trade, hotels, transport and communication group, as also the financial services and real estate sectors with an 8.1 per cent expansion each, while mining came next 7.9 per cent followed by construction with 7.1 per cent. The industry data revealed domestic passenger car sales in July went up to 1,15,067 units from 87,901 units in the same month last year. Software exporters paced gains after Goldman Sachs upgraded its outlook on the country’s information technology services sector. Tata Consultancy Services, the biggest software exporter, rose 2.85 per cent after Goldman Sachs more than doubled the stock’s target price. After auto, reality was the best performer, rising 2.14 per cent to 3,693.02. The metal index rose by two per cent at 12,305.66 as Hindalco Industries, the biggest aluminium producer, rose 3.38 per cent to Rs 105.45 after UBS raised it to “buy” from “sell”.

The Indian Response to the Global Financial Crisis
Sumanjeet Singh

The data during the first two months of 2009-10 on six core infrastructure industry indicated improvement in output (Figure 9). The main drivers of growth seen in the six core infrastructure industry during the period were cement, power and coal posting growth of 11.7%, 5.1% and 11.8% respectively in April-May 2009-10 compared to the growth of 5.4%, 1.7% and 9.5% respectively during the same period of previous fiscal. However, production of crude petroleum and petroleum refinery were badly hit.

The official data shows that the cement sector has grown 9.97 percent in December 2008 as compared to November and the year on year increase is 11%. Steel, which declined from September onwards last year, has shown a recovery in December last and January this year. It has now touched 22.86 million metric tones, a figure it achieved in May 2008 when the sectoral growth rate was 4.1%. This may not be quite impressive but the very fact that the sector is growing is a matter of some satisfaction.

Car sales in August stood at 1.2 lakh units against 96,082 units in the corresponding month last year. Demand for new models added to the festive rush and kept the momentum going for car sales that witnessed the seventh straight month of growth. Industry analysts said demand was likely to remain strong in the coming months, especially over low base of last year when demand was hit by economic slowdown and high interest rates. The two-wheeler industry also saw a 26% growth at 6.1 lakh units against 4.8 lakh units in August last year, with Hero Honda fueling the demand for motorcycles. On the scooter...
Table 9: Growth in Automobile Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>August 2008</th>
<th>August 2009</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cars</td>
<td>96,082</td>
<td>1,20,669</td>
<td>26</td>
</tr>
<tr>
<td>Motorcycle</td>
<td>4,85,270</td>
<td>6,11,173</td>
<td>26</td>
</tr>
<tr>
<td>Scooters</td>
<td>96,441</td>
<td>1,11,694</td>
<td>23</td>
</tr>
<tr>
<td>Commercial Vehicles</td>
<td>34,289</td>
<td>40,624</td>
<td>18</td>
</tr>
<tr>
<td>Three Wheelers</td>
<td>31,929</td>
<td>39,201</td>
<td>23</td>
</tr>
<tr>
<td>Total</td>
<td>8,11,341</td>
<td>10,00,870</td>
<td>24</td>
</tr>
<tr>
<td>Exports</td>
<td>140746</td>
<td>149320</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: SIAM

Following the global financial turmoil, the markets had plunged to 8,047.17 points on March 6, 2009. Investor sentiment on 7th September got a further boost from positive trends across Asia. Besides, expectations of strong quarterly earnings and signs of stability in global economy bolstered their confidence.

In similar fashion, the wide-based National Stock Exchange index Nifty crossed the crucial 4,800-point level to close higher by 22.35 points at 4,805.25 (Figure 12). Buying was more or less confined to fundamentally strong stocks. As many as 15 shares in the 30-BSE index closed with significant gains, while the other 15 closed lower. Hindalco, Sterlite were the two big gainers at 6.05% and 4.78% respectively. Market leader Reliance was up by 3.73%.

The benchmark index Sensex has risen by 65% till 31st August 2009 (Figure 10).

Further, the Senses of the Bombay Stock Exchange (BSE) gained 325 points to reach 16,014 on 7th September 2009. In June 2009 prices of non food articles, fuel leather and basic metals dropped by 2%, 12.6%, 1% and 14% respectively from positive growth of 17%, 16%, 1.6% and 21% seen in the previous year. Further, food articles falling within the category of primary commodities continue to rise by 8.6% in June 2009 on YoY terms compared to 6% in the previous year. Growth in commercial vehicles were also up, growing by 18% at 40,624 units against 34,289 units in August 2008.

Slowdown in the economy and rapid decline in global commodity prices toned down the overall inflation to below 0 levels for the first time in 35 years. However, it was found that prices of some of the items of mass consumption were still rising (Rakshit, 2009). While, the average overall inflation numbers for the month of June 2009 turned negative however, food articles falling within the category of primary commodities continue to rise by 8.6% in June 2009 on YoY terms compared to 6% in the previous year. Further, the food articles were also seen to get dearer (m-o-m basis) over May 2009. In June 2009 prices of non food articles, fuel leather and basic metals dropped by 2%, 12.6%, 1% and 14% respectively from positive growth of 17%, 16%, 1.6% and 21% seen in the previous year.

The Indian Response to the Global Financial Crisis

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The Indian Response to the Global Financial Crisis

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Commodities outperformed in the Mid May. The CRB (Commodity Research Bureau) Index rose sharply from 236 to 254, a rise of nearly 8% with precious metals, energies and base metals moving up sharply. Crude oil’s performance was the best amongst the entire complex where prices shot up by 20% on NYMEX (New York Mercantile Exchange) during the last fortnight. Except aluminum, most industrial metals surged by more than 10%.

The rupee has been largely volatile since January 2009, trading in a wide range between 46.75 and 52.18. The last five months of 2009 have been quite eventful for the Indian rupee, with the currency gaining steadily against the US dollar, after a catastrophic 2008 that saw the Indian rupee fall more than 20% from 39 levels to 50 levels. At a time when the Indian economy was visibly slowing down, the recent gain in the rupee has proved to be a blessing in disguise. It has appreciated close to 1.30% YTD (year-to-date) after making a low of Rs 52.18 per dollar in early March 2009.

Table 9: Recent Indicators in 2009

<table>
<thead>
<tr>
<th>Recent Indicators</th>
<th>Jan 09</th>
<th>Feb 09</th>
<th>March 09</th>
<th>April 09</th>
<th>June 09</th>
<th>July 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 &amp; 3 Wheeler</td>
<td>-7.20</td>
<td>-2.60</td>
<td>-7.20</td>
<td>8.90</td>
<td>9.50</td>
<td>12.00</td>
</tr>
<tr>
<td>4 Wheeler</td>
<td>-13.40</td>
<td>0.60</td>
<td>-18.70</td>
<td>6.90</td>
<td>-1.00</td>
<td>10.60</td>
</tr>
<tr>
<td>Non Food Credit Growth</td>
<td>19.40</td>
<td>18.50</td>
<td>17.50</td>
<td>18.10</td>
<td>16.10</td>
<td>15.60</td>
</tr>
<tr>
<td>Indian Purchasing Manager’s Index (PMI)</td>
<td>46.7</td>
<td>47</td>
<td>49.5</td>
<td>53.3</td>
<td>55.7</td>
<td>55.33</td>
</tr>
<tr>
<td>Cement Dispatched (top 4 producers)</td>
<td>6.63</td>
<td>7.08</td>
<td>6.81</td>
<td>11.84</td>
<td>11.10</td>
<td>11.95</td>
</tr>
</tbody>
</table>

Source: Bloomberg
The Indian Response to the Global Financial Crisis

Sumanjeet Singh

The appreciation or depreciation of the rupee\(^{28}\), as the case may be, is more influenced by the weakness or strength of the US dollar. This means that factors affecting the dollar against a host of other international currencies need to be closely monitored. A string of economic reports released by the US and Euro regions, statements made by central banks in these regions, inflationary concerns, and the GDP growth of these economies play a direct role in determining the value of a particular currency. For instance, the appreciation of the rupee to 47 levels (from 53 levels) in the second quarter of 2009 was also attributed to the weakness of the Dollar Index against major currencies, such as the euro and the pound (Figure 13), and positive sentiment on the back of the euro-a-composite currency of 15 nations-gaining strength.

Government has also given indication of inclusive growth, thrust on infrastructure development, support to Indian industry in Economic Survey and Rail Budget to whether difficult economic scenario. And same will also be visible in Union Budget as well. Apart from budget the Indian economy indicators are showing sign of further improvements in June month (Table 9).

Cement dispatch, auto sales and PMI all have shown sign of improvement in last three months. The non-food bank credit had grown at lower rate but may be because of seasonal effect. Even declining interest rate is acting as a stimulus for stabilizing and growth of Indian Economy.

Last but not the least, money supply in April 2009 calculated over March 2009 shows, M3 swelled by 2.6% in April 2009 compared to 0.6% growth recorded in the corresponding period of previous year. The net bank credit to the government sector swelled by 4.1% from 0.1% growth posted in the previous year. Growth in the bank credit to the commercial sector remained negative. The net foreign exchange of banks continue to slide by 1.4% compared to an increase of 1.4% recorded in the previous year. Aggregate deposits expanded by 2.4% in April 2009 as against the Y-o-Y variation of 0.1% seen in the same month of the previous year. Investment stepped up by 6% compared to 4% in the previous year.

4: Some Reasons of Recovery

There are also several structural factors that have come to India’s aid. First, notwithstanding the severity and multiplicity of the adverse shocks, India’s financial markets have shown admirable-resilience. This is in large part because India’s banking system remains sound, healthy, well capitalized and prudently regulated. Second, India’s comfortable reserve position provides confidence to overseas investors. Third, since a large majority of Indians do not participate in equity and asset markets, the negative impact of the wealth loss effect that is plaguing the advanced economies should be quite muted. Consequently, consumption demand should hold up well. Fourth, because of India’s mandated priority sector lending, institutional credit for agriculture will be unaffected by the credit squeeze (Chandrasekha, 2008). The farm loan waiver package implemented by the Government further insulated the agriculture sector from the crisis. Fifth, over the years, India has built an extensive network of social safety-net programmes, including the flagship rural employment guarantee programme, which is protecting the poor and the returning migrant workers from the extreme impact of the global crisis. Sixth, throughout the crisis, the RBI has also been very proactive in providing liquidity to the system, releasing about Rs 2.5 lakh crore in the form of CRR cuts and MSS redemptions and also cutting the Repo and Reverse Repo rates rapidly to 4.75% and 3.25% from peaks of 9% and 6% respectively. As a result, broader lending and deposit rates have also gradually come down by 200-300bp on an average. Last but not the least, the recent victory of the Congress party in the Indian general elections is a positive signal for international business and diplomacy. Prime Minister Manmohan Singh has a good chemistry with many world leaders and has aptly stuck to his international commitments in the past - the successful implementation of the Indo-US deal on nuclear power is an example. The most important aspect of Congress’ re-election has been its much more comfortable position in the new parliament, eliminating the need to seek support from rigid and obstructive communist parties. During the last five years India has moved forward in opening its economy, but the last government’s speed and the level of engagement was restricted due to threats by powerful left-wing allies of necessity. It is ironic that in the middle of an international financial crisis that has seriously dented the reputation of capitalism, the Indian communists have suffered their worst electoral defeat in decades.

4.2: Concluding Remarks

The present crisis situation is often compared to the Great Depression of the late 1920s and the early 1930s. True, there are some similarities. However, there are also some basic differences. The crisis has affected everyone at this time of globalization. Regardless of their political or economic system, all nations have found themselves in the same boat. Thus, first time world is facing truly global economic crisis. Around the world stock markets have fallen, large financial institutions have collapsed or been bought out, and governments in even the wealthiest nations have had to come up with rescue packages to bail out their financial systems. The cause of the problem was located in the fundamental defect of the free market system regarding its capacity to distinguish between “enterprise” and “speculation” and hence, in its tendency to become dominated by speculators, interested not in the long-term yield assets but only in the short-term appreciation in asset values. Weak and instable financial systems in some countries increased the intensity of crisis. India which was insulted from the first round of the crisis partly owing to sound macroeconomic management policies became vulnerable to the second round effects of global crisis. The immediate effects were plummeting stock prices, loss of forex reserves, deprecation of Indian rupee, outflow of foreign capital and a sharp tightening of domestic liquidity. Later effects emerged from a slowdown in domestic demand and exports. However, India’s banking system has been considerably less affected by the crisis than banking system in US and Europe\(^{29}\). The single most important concern that Indian government needed to be addressed in the crisis situation was the liquidity issue. The RBI had in its arsenal a variety instruments to manage liquidity, viz., CRR, SLR, OMO, LAF, Refinance and MSS. Through the judicious combination of all these instruments, the RBI was able to ensure more than adequate liquidity in the system. At the same time it was also
ensured that the growth in primary liquidity was not excessive. The pressure on financial market has been eased, although there is some evidence of an increase in the non performing loans. However, the financial system has been more risk averse. The decline in global fuel prices and other commodity prices has helped the balance of payments and lowered the inflation level. This has created the space for monetary easing as well as providing better scope for fiscal stimuli. The monetary and fiscal stimulus package is expected to contain the downward slide in demand in 2009 while providing a good basis for recovery in 2010. However, there are many examples of policy failures (structural and macro-management) that contributed towards the pre-crisis slowdown and magnified the negative impact of the slowdown. For example, the reason behind the slowdown in export growth in the pre-crisis period seems to be largely policy related. Ignoring all economic logic and international experiences, the government went in for large-scale liberalization of FIs. This, apart from inflating stock market bubble, let to a significant strengthening of Indian rupee and posed a serious hurdle to the country's export growth. The Indian economy suffers from an extended period of high interest rates, high prices consequent to supply constraints and declining business confidence that was ignored by policy players fixated on inflation and blinded by GDP numbers. But, in nutshell, macro and micro policies adopted by RBI have ensured financial stability and resilience of the banking system. The timely prudential measures instituted during the high growth period especially in regard to securitization, additional risk weights and provisioning for specific sectors measures to curb dependence on borrowed funds, and leveraging by systematically important NBFIs have stood us in good stead. Added to these, at the policy front there is need to focus on creating as much additional fiscal space as possible to prop up the domestic economy while preventing macroeconomic stability. Expenditure priority should be defined rationally. Public spending that creates jobs especially for poor is essential. Ongoing efforts to increase effectiveness and efficiency of the banking system must continue. At organizational level, efforts to raise domestic productivity and competitiveness in international market become critical factors for protecting export market shares. Last but not the least, a close coordination and integration between government of India, financial institutions and organizations is needed to deal with the crisis and restore the growth momentum.

Notes
1. In 2006, the German Economist Max Otte published a book with the title "The Crash Comes", in which he pointed up the risks of present housing bubble in the US and the fact that most of these houses sold on credit to people who actually could not afford such high debts. He also predicted an enormous fall in the value of US dollar and a new world economic crisis in which all finally ended.
2. The Asian Financial Crisis was a period of financial crisis that gripped much of Asia beginning in July 1997, and raised fears of a worldwide economic meltdown due to financial contagion. The crisis started in Thailand with the financial collapse of the Thai baht caused by the decision of the Thai government to float the baht, cutting its peg to the USD, after exhaustive efforts to support it in the face of a severe foreign overvaluation that was in part real estate driven. At the time, Thailand had acquired a burden of foreign debt that made the country effectively bankrupt even before the collapse of its currency. As the crisis spread, most of Southeast Asia and Japan saw plunging currencies, devalued stock markets and other asset prices, and a precipitous rise in private debt.
3. In the years leading up to the crisis, significant amounts of foreign money flowed into US from fast growing economies in Asia and oil importing countries. This inflow of funds combined with low US interest rates from 2002-04 contributed easy credit conditions, which fueled both housing and credit bubbles.
4. Subprime lending became popular in the US in the mid-1990s, with the outstanding debt increasing from $33 billion in 1993 to $332 billion in 2003. As of December 2007, there was an estimated $1.3 trillion in subprime mortgages outstanding. 20 per cent of all mortgages originated in 2006 were considered to be subprime, a rate unthinkable just ten years ago. This substantial increase is attributable to industry enthusiasm: banks and other lenders discovered that they could make hefty profits from origination fees, bundling mortgages into securities and selling these securities to investors.
5. The European Central Bank (ECB) took action to prevent a liquidity crunch in Europe. The French bank BNP Paribas had three investment funds that were connected to the subprime market in the US. The bank stopped withdrawals from these funds. Losses were faced by NIBC, a Dutch investment bank during the first half of 2007. Losses were faced by Dillon Read, the fund affiliated with UBS, the Swiss Bank. Rhinehold Funding, which is affiliated with the German bank IKB, was substantially hit by the subprime crisis. The Japanese Yen did not benefit from the advantages of lower interest rates because of an increase in the value of the Yen. This increase was due to the US subprime crisis. Japan’s central bank has noted that the impacts of the crisis on the country have been far more intense than anticipated and that Japan’s economic growth has slowed considerably. Impacts have started to surface in China with a sharp fall in the shares held by Chinese banks. Shares held by the Bank of China fell by 6.4% and 4.1% in Hong Kong and Shanghai markets. In India, the rise in the value of the Rupee versus the US Dollar is expected to damage exports. Indian companies involved in mortgage processing for the US have faced a decline in work orders. India has also recently faced major falls in stock markets, which have been attributed, by many experts, to the US subprime crisis.
6. Advanced economies are suffering their worst downturn since World War II, with economic output expected to contract by over 1.75 per cent in 2009. Growth is expected to fall in Brazil, China, India and other emerging market economies, dragged down from 6.25 percent in 2008 to about 3.25 per cent in 2009. Growth in developing economies is expected to slow to 3.33 per cent in 2009 from 6.33 per cent in 2008.
7. Over the last year, the US has performed better than Russia and China, inline with India, and worse than Brazil. Russia’s stock market is down the most of the BRIC countries at -68%. China’s Shanghai Composite is down 46% and has really seen a nice popup lately. India’s Sensex is down 45%, which is right inline with the S&P 500, and Brazil is down 56%.
8. January 21, 2008, the Sensex saw its biggest intra-day fall on Tuesday when it hit a low of 15,132, down 2,273 points. The Bombay Stock Exchange benchmark Sensex witnessed its second-largest fall ever losing 906.84 points to close at 16,677.88. May 18, 2006, the Sensex registered a fall of 826 points (6.76 per cent) to close at 11,391, following heavy selling by FIIs, retail investors and a weakness in global markets. The markets crashed by 801 points to close at a low of 10,525. The crisis in the global markets, a fall in the rupee and poor IIP numbers led to the fall.
9. Ideally we should see lower average inflation in case of lower rise in index numbers. However, in Table 3 we do not see any relation as consistently. In fact, it breaks more often than not. For instance, in 1995-96 average inflation is 8.01 per cent the second highest in time series. However, the index rises by just 5.1 points. In 2002-03, 2006-07 and 2007-08 the index rise in double digit inflation is not as high. In 2002-03, the low inflation could be possible because of much lower rise in index of 0.01-02 (6.6 points). But, the same does not apply for 2007-08 where index rises in 2006-07 as well.
10. (I) On a BoB basis, India’s merchandise exports recorded a sharp decline of 24.2 per cent in Q4 of 2008-09 as against a increase of 47.2 per cent in Q4 of 2007-08.
(II) As per the commodity-wise data released by the Directorate General of Commercial Intelligence and Statistics (DGCI&S) for the period January-February 2009, merchandise exports declined by...
Tourism is especially vulnerable to economic crises or the global tourism scare resulting from the events of 9/11 is that perhaps 31/3/2009 subject to minimum rate of interest of 7 percent per annum. (2) Additional funds of Rs. 1100 crore will be provided to ensure full refund of Terminal Excise duty/CST. (3) An additional allocation for export incentive schemes of Rs. 350 crore will be made. (4) Government back-up guarantee will be made available to ECOC to the extent of Rs. 350 crore to enable it to provide guarantees for exports to difficult markets/products. (5) Exporters will be allowed refund of service tax on foreign agent commissions of up to 10 percent of FOB value of exports. They will also be allowed refund of service tax on export services while availing of benefits under Duty drawback Scheme.

The government has decided to restore duty entitlement pusshbour (DEPB) rates to exporters at prevailing rates prior to November 2008. Besides the DEPB scheme would now be extended till end December this year. The other measures to counter recessionary trends including withdrawal of exemption from countervailing duty (CVD) on the basis of reports that the automobile industry posted healthy growth in July.

Agro commodities were affected due to slack domestic and export demand and impending monsoon in India. Supply of gold too moved upwards along with the rest of the asset class. The major reason for the movement in commodities was a weaker dollar that brought back investors to commodities. Further, weakness in the US dollar may keep buying interest among investors intact in most of these commodities.

The New York Mercantile Exchange, Inc. is the world’s leading commodities and futures research, data, and analysis firm. The Exchange avoids the risk of counterparty default because the NYMEX clearinghouse acts as the counterparty to every trade. Trading is conducted in energy, metals, softs, and environmental commodity futures and options.

The recovery was mostly due to a rise in stocks of auto, realty and metals. The auto sector index, which rose by 3.07 per cent to 2,537.48, was the biggest gainer on aggressive buying by funds on the basis of reports that the automobile industry posted healthy growth in July.

Commodity Research Bureau (CRB) has been the world’s leading commodities and futures research, data, and analysis firm. Since 1934, Commodity Research Bureau (CRB) has been the world’s leading commodities and futures research, data, and analysis firm.
While the rupee movement in a certain direction may benefit some, it may prove to be detrimental for others. For instance, if the rupee appreciates against the dollar (or any other currency), for that matter, the importers stand to gain as they have to shell out less units of the local currency (rupee payments) for each unit of dollar imports. On the other hand, the exporters stand to lose as they notch up less units of the local currency in exchange for their exports dollar earnings.

A Purchasing Managers Index (PMI) is an economic indicator; it is a composite index that is based on five major indicators including: new orders, inventory levels, production, supplier deliveries, and the employment environment. Each indicator has a different weight and the data is adjusted for seasonal factors. A PMI index over 50 indicates that manufacturing is expanding while anything below 50 means that the industry is contracting. The PMI report is an extremely important indicator for the financial market as it is the best indicator of factory production. The index is popular for detecting inflationary pressure as well as manufacturing economic activity, both of which investors pay close attention to. The PMI is not as strong as the CPI in detecting inflation, but because the data is released one day after the month it is very timely.

This is because the causes of the crisis in India are different from those elsewhere. In the advanced economies, the banking system suffered from huge losses, this led to collapse in the flow of credit and in confidence of and dragged down the real economy. In India, it is the real economy that has been affected through various channels and banks are feeling the effects of slowdown in the Indian economy.

References

The world today presents a contrasting picture of highly advanced industrial societies represented by the Western countries and the United States of America and of those countries that still grapple with some of the pre-industrial social formations and yet engaged in negotiating with the emerging capitalist development. The scenario of unequal spread of the advanced features of social and political organization unveils globally the disoriented nature of production process and the distorted picture of the distribution system. Thus, the current economic system is deeply intertwined and embedded in disjunctedness and inequality underpinning the capitalist development in the world. Coupled with this, there is widespread emphasis on the process of globalization to facilitate the spread of capitalism. In the process, the globalization has become unbridled and eventually it culminated in unmasking capitalism’s deadliness and ugliest face through the reincarnation of recession in global economy. The present global economic crisis sharply informs the imbalanced and impaired approach in the path of global capitalism.

Exploring the Implications of 1929 Economic Depression
The world economic depression in 1929 had originated in the industrialized countries of the West (Rothbard 1996:x). And all major factors contributing to the economic depression can be traced back to the United States of America (Rothbard 1996:48). However, the economic depression eventually became global as no country had
been able to escape from its debilitating effects. Both the colonial powers and the colonized territories suffered intensely but the extent of economic damage and the escape or recovery route varied according to the status of each country i.e., whether an independent nation or a colonized country. However, one significant aspect of the impact of the Depression in 1929 was that “Almost everywhere, the depression hit the poor harder than the rich. Peasants, unemployed workers, small traders all suffered from severe deprivation” (Rothermund 1996:136). The small traders all suffered from severe deprivation more than the rich. Peasants, unemployed workers, small traders all suffered from severe deprivation.

India too suffered significantly from the dislocating impact of great depression on its economy. India’s foreign trade was severely hit by the global depression. The imports and exports dropped heavily and they were practically halved in three years. Consequently, the peasants in India in the absence of an export market for their produce found it difficult to meet their obligations such as debt service and the payment of land revenue (Manikumar, 2003:9-12). Thus the impact of Great Depression, K. A. Manikumar writes: “The Great Depression of 1929 had a profound impact on the world economy…India, too, was not exempt from its disastrous effects. However, the fact that India’s economy functioned under colonial aegis added further complexity to the whole issue.” (Manikumar 2003:1) However, the recovery of the world economy had a long trajectory. It had recovered in about a decade but the recovery from the depression was not a story of a glorious achievement but of social injustice (Manikumar 2003:31).

The world is now dissolved into a dangerous zone. The current global economic meltdown is exposing the unsustainability of the global economic order, which is built on the fallacy of the infallibility of capitalist principles. It demonstrates the irrelevance of the neo-liberal economic paradigms and threatens the survival of the capitalist order. The neo-liberalism, the ideological prop of capitalist order, is thus under stress and scrutiny. The free market policies, which are floated in the name of liberalizing the economic landscape and dismantling the regulatory regimes, are under scanner. The eternity of rapid economic growth, which fashioned the faith in the universality of the lure of profit as the engine of faster economic progress propelling uninterrupted social development without spatial constraints, is loosing its ideological sheen. The countries across the world are now encountering a resurrected monster in the form of gigantic economic malaise, which rocked the world economic system in 1930s,7 devoured social peace and destabilized global political order. And in both the contexts, it is the United States of America, an icon of advanced capitalism, which holds the unique responsibility.

The Current Economic Crisis

The current economic recession is also globally intensive in its impact.8 Every economy is getting pulverized. The rise in the extent of unemployment on account of the economic slow down is reported from every country. In particular, Europe is erupting and mounting unemployment and haziness of feature is translating into mass demonstrations involving millions of people.9 Germany faces the problem of huge fall in its export market characterized as “The revenge of Germany’s export dependency.”(The Hindu 17 May 2009) The specter of rise in the unemployment figures seems imminent in Germany. The drop in exports is expected to raise unemployment from the current 3.6 million to beyond 4 million.10 France i.e., the euro region’s second-largest economy faces the problem of rising unemployment as companies reduce jobs and investment due to the worst global recession since World War II.11 The enormity of the problem is captured by one British newspaper in a succinct epitaph “Europe’s time of troubles is gathering depth and scale. Governments are trembling. Revolt is in the air.”12

Dubai, one of the seven states constituting the United Arab Emirates, is also in the midst of recession in its economy.13 The signs of deepening of the financial disaster have unmistakably become clearer globally. The 2009 hunger report of the United Nations Food and Agriculture Organization predicts that “the number of hungry people may cross one billion in 2009 in the world” (The Hindu 22 June 2009) as a result of the global economic crisis. The statistics on global economic growth portends the impending disastrous development.

Last autumn, the IMF was expecting global growth of 3 per cent this year; now it is predicting a contraction of 1.3 per cent. Japan’s projected growth of 0.5 per cent has been turned into a 6.2 per cent plunge in output: the modest 0.1 per cent drop in Britain is now projected to be a 4.1 per cent crash – worse than any year since 1945. (Elliott, The Hindu 28 April 2009.)

This slowdown in global economic growth raises serious questions on the efficacy of the ribald capitalist path as the only route to economic and social progress.14 So, the great American dream of globalizing its model of capitalistic development with rhetoric of globalization gets seriously eroded. Interestingly, the U.S. Congress has approved the fiscal package of $787 billion-$506 billion by way of government spending and $281 billion in tax relief. There is a strong feeling that it is inadequate to stimulate and shore up the American economy, which is sliding into a “moribund state”.15 Yet the fact is that it is “the largest spending to be ever attempted by an American government since the Second World War to combat recession”.16 Referring to the current economic chaos in the U.S.A, Noam Chomsky aptly characterizes the state intervention as a move “to socialise cost and risk and privatize profit, without a public voice.”17

South Asia

Dominique Strauss-Kahn, the head of the International Monetary Fund, warned that the next economies to be affected severely by the growing financial crisis are the emerging economies. He elaborated further that “They’re the latest victims of a financial crisis that started in the United States and spread to Europe and is now moving beyond Europe’s borders.”18 Rightly so, the destabilizing effects of the financial crises on economic development and social harmony are deeper (Arestis, Baddeley and Mccombie 2001:2). With unprecedented progress towards globalization, the global consequences of the recession are profound than earlier such economic crises particularly for the developing countries. The World Bank in its Global Monitoring Report, 2009 estimated “that close to 90 per cent of the developing countries could be highly or moderately exposed to the
impact of the crisis, as they face slowing economic growth, high levels of poverty, or both.16,17 Bangladesh began to feel the impact of the recession on its economy through “falling pictures of export growth and the number of workers going abroad with jobs in contrast to pictures of export growth and the number of economic distress. It is reported that “India’s economy is largely insulated and will emerge unscathed by the economic crisis. Simultaneously there is also a strong impression that India can continue its saga of economic growth untainted by the malaise.21 However, there are signs that India could not escape from the clutches of current economic distress. It is reported that “India’s merchandise exports plummeted by 33.3 per cent in dollar terms in March this year – the maximum drop in over a decade – as a direct fall out of the global slump in demand for goods in major markets since October 2008.” (The Hindu 2 May 2009) The slowdown in economies of United States and Europe has seriously impacted Indian exports. The crisis is real and big in the exports sector.22 The repercussions of the fall in Indian exports could perhaps be understood from the way it had affected business at major ports across the country as the ‘growth rate of traffic handled by major ports had come down to 2.13 per cent during 2008-09 as compared to 11.97 per cent during 2007-08’.23 The fall in the exports from India has proved to be disastrous as it has led to the closure of businesses and the loss of employment running into lakhs. The results are serious and disquieting for the migrant labour within India as the labour intensive sectors like textiles, handicrafts, carpets, leather, gems and jewellery, marine products as well as small and medium enterprises are critically exposed to the downside in their businesses.24 It has potentially reduced their employment and earnings.25 Thousands of migrant labourers, who lost their employment due to the present recession, had to return to their villages. To quote P. Sainath: The Collapse of the export market in urban Gujarat has had hard-to-imagine ramifications in Orissa’s villages. That collapse has seen nearly 50,000 of close to half a million (overwhelmingly male) migrants in Surat, to return to Ganjam. Migrant remittances are the mainstay for Ganjam’s roughly 3.5 million people. (Sainath, The Hindu 18 July 2009)

Further he quotes a Tappawala, who carries money from the migrant labourers from Surat to Ganjam as saying that “But remittances have taken a big hit with the recession. Our volumes are badly down” (Ibid). The other notable development is the fall, though not very alarming at present, in remittances have taken a big hit with the recession. Our volumes are badly down” (Ibid). The other notable development is the fall, though not very alarming at present, in remittances have taken a big hit with the recession. Our volumes are badly down”. The other notable development is the fall, though not very alarming at present, in remittances have taken a big hit with the recession. Our volumes are badly down” (Ibid). The other notable development is the fall, though not very alarming at present, in remittances have taken a big hit with the recession. Our volumes are badly down” (Ibid). The other notable development is the fall, though not very alarming at present, in remittances have taken a big hit with the recession. Our volumes are badly down”. The other notable development is the fall, though not very alarming at present, in remittances have taken a big hit with the recession. Our volumes are badly down”. The other notable development is the fall, though not very alarming at present, in remittances have taken a big hit with the recession. Our volumes are badly down”. The other notable development is the fall, though not very alarming at present, in remittances have taken a big hit with the recession. Our volumes are badly down”. The other notable development is the fall, though not very alarming at present, in remittances have taken a big hit with the recession. Our volumes are badly down”. The other notable development is the fall, though not very alarming at present, in remittances has taken a big hit with the recession. Our volumes are badly down”. The other notable development is the fall, though not very alarming at present, in remittances has taken a big hit with the recession. Our volumes are badly down”. The other notable development is the fall, though not very alarming at present, in remittances has taken a big hit with the recession. Our volumes are badly down”. The other notable development is the fall, though not very alarming at present, in remittances has taken a big hit with the recession. Our volumes are badly down”. The other notable development is the fall, though not very alarming at present, in remittances has taken a big hit with the recession. Our volumes are badly down”. The other notable development is the fall, though not very alarming at present, in remittances has taken a big hit with the recession. Our volumes are badly down”. The other notable development is the fall, though not very alarming at present, in remittances has taken a big hit with the recession. Our volumes are badly down”. The other notable development is the fall, though not very alarming at present, in remittances has taken a big hit with the recession. Our volumes are badly down”.

The most distressing trends are to be seen on the increase of unemployment in India on account of economic depression. A sample survey of 2,581 units conducted by the Labour Bureau under the Ministry of Labour and Employment, concluded that during October-December 2008 there was a decrease in employment by about half a million. Yet, another survey by the Labour Bureau for the period January to March 2009 involving 3,192 units indicated certain improvement in otherwise critical scenario, with employment rising by a quarter million. However, the saga of the hapless labourers losing out their employment continued unabated in sectors such as leather, metal and transport. To quote Mukul Sharma: In all sectors, contract workers are the worst affected in terms of loss of income or employment. Seeing the status of these contract workers, the fate of workers in the informal sector who are neither protected nor surveyed can be easily understood (Sharma The Hindu 17 July 2009).

The current economic slowdown has also further aggravated the woes of Air India, which solicits a revival package, i.e., ‘bail our package’ from the Govt. of India to the tune of Rs. 20,000 crores over a five year period.27 But curiously the trajectory of Indian economic development has so far remained lopsided. The pronounced economic growth that India has had in recent year’s left large chunk of the people untouched. Millions of Indians remained marginalized and mired in poverty and underdevelopment.28 It has cast them aside in the dark corners of the social and economic landscape. Therefore in Indian context, the phenomenon of globalization and its impact does not hold well for the multitude of the underprivileged. Shashi Tharoor explains on the marginality of these people in contemporary India thus:

‘…22 per cent of our population – some 250 million people – are still living below the poverty line, in conditions that are a blot on our individual and collective conscience. By poverty I don’t simply mean the kind of poverty that economists refer to, measured in the numbers of people living below a dollar a day. Our poor cannot afford to feed themselves, but I am equally concerned about their lack of opportunities in our society, which prevents the complete participation of large masses of Indians in their nation’s democracy, and in out country’s governance. We must take the necessary steps to ensure that every Indian is given the means to live a decent life, to feed his or her family, and to acquire the education that will enable him or her to fulfill their creative potential. Failure to accomplish this will be a real threat to India’s future. (Tharoor, The Hindu March 18 2007)
Globalization in Indian context is mostly pro-elitist and its impact on the subalterns of Indian society is profoundly unfavorable. To quote Pamela Shurner-Smith: “For the poor, the outcomes of globalization are not qualitative lifestyle changes and westernized consumer goods, but more of what went before: more rural indebtedness, more landlessness, more food shortages, more child labour, more casualization of work, more violence and intimidation.” (Shurner-Smith 2000:2) One of the contradictions of India’s trajectory of development is the persistence of low levels of human development.38 The current economic crisis is further accentuating the glaring economic inequalities, pushing the mass of subalterns into conditions of helplessness and destitution.39 The naive thinking that the rapid advance of capitalism would promote rapid economic equality is ebbing out. The developing countries, instead of being mere imitators of the models of the West, are beginning to explore the indigenous ethos of economic development.40 Herein lays the implications for India. The greatest moral as well as economic challenge that India today faces is our poor. As a country with about 25 per cent people mired in poverty, ameliorating them should be the primary focus. (Saleem, The Hindu 26 July 2009) It must desist from the folly of imitating the alien ideologies or mantras of free-market. The path which was forsaken in early 1990s lured by the globalization mania must be re explored and followed. The Indian government may redesign its policies to rein in the market and command it. Hence what is required currently is the willingness to ‘embark on a course of development that reaches the disadvantaged mass of people in this country.’ (Lahoti and Reddy, The Hindu 28 July 2009) This will help secure the millions of the marginalized and the underprivileged in India an assured living and belief in the democratic traditions (Shurner-Smith 2000:24).38

Conclusion

The human cost of the present economic crisis is inestimable, particularly, when the world is plagued by ‘chronic hunger and malnutrition, especially child malnutrition’.37 Though there may be some perceptible signs of recovery from the economic crisis as claimed by policy makers44, the worst is not yet over and “the economic scenario is still grim”.44 The suffering it has caused to the lakhs of people who became unemployed takes a long time to forget. Particularly the poor and the marginalized in the rural and urban areas are the victims of the disastrous economic depression and this calls for a committed and sustained pro-labour and pro-poor strategy to rescue them from being crushed under the juggernaut of the present economic crisis.

Notes

1. Note: Geoffrey Ingham’s recent work on Capitalism brilliantly traces the growth of capitalism in the world and its manifold features. He delineates the recent economic crises and also shows how the highly industrialized Western nations have contributed to these economic developments by their selfish and ill-conceived market and financial policies. See, Geoffrey Ingham, Capitalism, Polity Press, Cambridge, 2008.

2. Note: The factors that had led to the starting of the Great Depression were: ‘The handling of war debts, the sterilization of gold, a deflationary monetary policy after an expansionist period, protectionism and the overproduction of wheat.’ All these factors were due to long term developments, but they were accentuated by the sudden crash of the stock market in October 1929 which undermined the world credit system and that was the approximate cause of the Depression.’ Ibid., p. 48.


4. Note: The current economic recession has been characterized “….worst economic downturn since the Great Depression.” “Social sector in the downturn” Editorial, The Hindu, 24 April, 2009, Chennai. Also see Larry Elliott’s article on ‘No recovery without balance’, The Hindu, 28 April, 2009, Chennai.

5. Note: “Warning that the world is entering an era of ‘slower growth’, the multilateral lending agency has projected the global economy to shrink 2.9 per cent this year. The World Bank in its latest report titled ‘Global Development Finance 2009: Charting a global recovery’ has said that excluding India and China, the developing economies would shrink 1.6 per cent this year. “Developing countries are expected to grow by only 1.2 per cent this year, after 8.1 per cent growth in 2007 and 5.9 per cent growth in 2008. …Battered by the global economic recession and shaky financial markets, the net private capital inflows to developing countries fell to $707 billion in 2008 from $1.2 trillion in the previous year. “Amongst global economic recession and financial-market fragility, net private capital inflows to developing countries plunged to $707 billion in 2008 from $1.2 trillion in 2007. International capital flows are projected to fall further in 2009, to $563 billion,” it noted.”

6. Note: “This is their first taste of how brutal free-market capitalism can be and they don’t like it.” See Hasan Suroor, ‘Backlash in Europe as recession spreads’, The Hindu, 17 February, 2009, Chennai.

7. Note: “A pattern across almost all industries – from car manufacturers to metal production, the hospitality industry and producers of solar energy products – has seen factories cutting back on reduction and workers forced to reduce their hours. Companies have been cutting back on investment, reducing prices and ignoring an almost hallowed obligation in Germany by refusing to take on apprentices. The backbone of German manufacturing, the car industry, has cut production by a third, with Mercedes experiencing a drop in sales of 25 per cent and Porsche of 19 per cent.” See The Hindu, 17 May 2009 Chennai.


9. Note: Hasan Suroor writes thus: ‘Here’s a snapshot of what happened across Europe on just one day recently as reported by one British newspaper: “France paralysed by a wave of strike
action, the boulevards of Paris resembling a debris-strewn battlefield. The Hungarian currency sink to its lowest level ever against the euro, as the unemployment figures rise. Greek farmers block the road in Bulgaria in protest at low prices for their produce. New figures from the biggest bank in the Baltic show that three post-Soviet states face the biggest recessions in Europe."

Further, the May Day celebrations in France witnessed a tremendous upsurge of workers despair and anger through their protests demanding jobs, better wages and pensions. For the first time since the Second World War all of France’s eight major trade unions demonstrated together. See ‘May Day: demand for jobs, pension’, The Hindu, 2 May 2009, Chennai.

10. Note: ‘A six-year boom that turned sand dunes into a glittering metropolis, creating the world’s tallest building, its biggest shopping mall and, some say, a shrine to unbridled capitalism, is grinding to a halt. Dubai, one of the seven states that make up the United Arab Emirates (UAE), is in crisis…that the real estate bubble that propelled the frenetic expansion of Dubai on the back of borrowed cash and speculative investment has burst. Many westerners are being made redundant, or absorbing before the Sharia legal system catches up with them. Half of all the UAE’s construction projects, totaling $852 billion, have either been put on hold or cancelled, leaving a trail of half-built towers on the outskirts of the city stretching into the desert.’ See, Paul Lewis, ‘Global financial crisis hits hard in Dubai’, The Hindu, 16 February 2009, Chennai. Also Note: ‘Dubai, which borrowed $80 billion to fuel a four-year construction boom, was badly hit by the global recession, with home prices halving since the 2008 peak.’ See Atul Aneja’s ‘Dubai’s financial woes shake up world’ The Hindu, November 28, 2009, Chennai.

11. Note: ‘The prevailing global economic crisis characterized by an uninhibited economic meltdown is understood, so that it is used for constructive purposes. [It relies] also on factors that are just not known, like how deep this crisis is going to be.’ http://www.counterpunch.org/chomsky/01-28-2009.html.

12. See Noam Chomsky’s Interview with Press TV, 28 January, 2009. Note: ‘Nobody really knows. What is happening with the economy is not well understood. It is based on extremely opaque financial manipulations, which are quite hard to decode. I mean, the general process is understood, but whether the $800 billion, or probably larger government stimulus, will overcome this crisis, is not known. The first $350 billion have already been spent — that is the so-called part bailout but that went into the pockets of banks. They were supposed to start lending freely, but they just decided not to do it. They would rather enrich themselves, restore their own capital, and take over other banks — mergers and acquisition and so on. Whether the next stimulus will have an effect depends very much on how it is handled, whether it is monitored, so that it is used for constructive purposes. [It relies] also on factors that are just not known, like how deep this crisis is going to be.’ http://www.counterpunch.org/chomsky/01-28-2009.html.


20. Note: ‘The World Bank in its recent report “…counts India among countries that have a “high exposure” to increased risk of poverty due to the global economic downturn.” See the “Editorial”, The Hindu, 21 February, 2009, Chennai. Also note: ‘Governments around the world have incurred deficits to finance their contra cyclical stimulus packages. Some, like the U.K and U.S., have incurred much larger deficits and consequently borrowed more. Everywhere the expectation is that growth, so badly affected by the global economic crisis, will resume. However, there is a qualitative difference between India’s economic story and that of developed and most other developing countries except China. India and China are among the few that are forecast to post positive growth while most others will witness a contraction in their economies.’ See also the article on ‘Fiscal deficit, the biggest challenge’, The Hindu, July 20, 2009, Chennai.

21. Note: ‘India’s exports, which had clocked a healthy growth of over 50 per cent in the first half of 2008-09, suddenly felt the heat of global recession and entered the negative zone from October 2008. Exports managed to clock a meager growth of 3.4 per cent in 2008-09 aggregating $168 billion against the original target of $200 billion and revised target of $170 billion. The crisis is real and big and it影响s the exporters sector and the very fact that despite depreciation of the rupee against the dollar, exports in rupee terms have clocked a negative growth of 15 per cent in March and 16-4 in April 2008. The decline in exports has badly hit the manufacturing sector as well as industrial production as shrinking exports markets of the U.S and Europe showing no signs of revival of demand.’ See The Hindu, 27 June, 2009, Chennai.

22. Note: Shipping Minister G.K. Vaasan in his written reply to a question in the Lok Sabha “… conceded that the growth rate of traffic handled by major ports had come down to 2.13 per cent during 2008-09 as compared to 11.97 per cent during 2007-08. He attributed the decline to the financial slowdown. Iron ore traffic, which was mainly for export, recorded a growth of 2.3 per cent in 2008-09, down from the 14.2 per cent recorded a year earlier. In the liquid bulk category, cargo growth in crude and petroleum was a modest 3.5 per cent whereas it was a healthy 10 per cent in 2007-08. The most affected was the container traffic segment, which largely reflected trade in manufacture and components, growing by a marginal 0.9 per cent in 2008-09 compared to the robust 25.6 per cent in 2007-08.’ See The Hindu, 28 July, 2009, Chennai.

23. See for example for the decline in exports of gems and jewellery: ‘Gems and jewellery exports continued to face a downside for the eighth month in a row with exports declining sharply by 24 per cent to $1.3 billion in May over the year ago month due slump in demand in major markets like the U.S and Europe.’ The Hindu, 18 June, 2009, Chennai; See also for critical views on the impact of global depression, the editorial, ‘A call for global action’ The Hindu, 26 June 2009, Chennai.

24. Note: ‘Predicting a dip in net exports, the United Nations Conference on Trade and Development (UNCTAD) on Friday warned that there could be around 13 lakh job losses in export units in India in 2009-10 due to recession in developed countries. According to a study carried out the UNCTAD, the net job loss in the export sector was estimated to be 7.48 lakh since some sectors like plantation may witness a positive growth. It said India’s exports sector is likely to dip by 2.2 per cent in the current fiscal. … The study said about 1.16 million people lost their jobs in 2008-09 due to negative export growth in sectors such as textiles.’ The Hindu, 13 June, 2009, Chennai.

25. Note: ‘A World Bank study has come up with the finding that the migrants’ remittance flows to developing countries are set to decline from $328 billion in 2008 to $304 billion this year. The predicted decline by 7.3 per cent is far less than the fall in private investments flows.’ See the Editorial ‘A relatively stable flow’, The Hindu, 23 July, 2009, Chennai.
makes little sense to pitch for India to open its doors to them. As the Finance Minister himself noted in his speech, the merit of India’s balanced approach, as well as Indira Gandhi’s “wise and visionary” decision to nationalize the banking system 40 years ago, “has been borne out in the recent experience, as the turbulence in the world financial markets has left the Indian banking and financial sector relatively unaffected.” See Siddharth Varadarajan, ‘Political Logic of budget is that welfare paper’, The Hindu, 7 July, 2009, Chennai.

35. Note: “The Indian economy had been gradually liberalizing since Raja Gandhi’s regime (1984-89) and structural adjustment promised a package of market orientated policies which were enthusiastically welcomed by substantial sections of the middle classes. It was not just Bagchi’s ‘powerful forces’ which welcomed the New Economic Policy; a whole swath of middle India believed that it would pave the way for western lifestyles and standards of living for themselves. It is far too easy to say that 1991 marked the start of India’s integration into the latest round of postcolonial globalization – like everywhere else it had precipitated the crisis. However, with structural adjustment the forms and rhetoric of globalization invaded the everyday life of people in India, first of the élites, gradually of a wider educated population. ’India’s New Economic Policy was introduced in 1991 as the consequence of the acceptance of a World Bank loan and a Structural Adjustment Programme 1990-91 and 2005. Yet another finding, which has bottomed out though it is still far from

36. ‘Exports can almost triple in five years only if goods which were normally consumed at home are diverted to the world market, resulting in a high rate of inflation for domestic products, such as basic foodstuffs. In an article on rising prices in the popular journal India Today it was pointed out that, whilst consumer durables like refrigerators were getting cheaper, the food to put in them was on average rising in price by 40 per cent per annum (Charavarti and Rekhi 1998). This small example encapsulates the impact of the liberalization of the Indian economy; for a few, life getting a great deal better, for those with no hope of ever buying a refrigerator, food price rises of this magnitude are catastrophic.’ Ibid., p. 17.

37. Note: Hasan Suroor writes that “…This is the first really serious economic crisis since globalization went big and already the idea of a happy-clappy liberalization has bottomed out though it is still far from

38. Note: ‘External Affairs Minister Pranab Mukherjee, who holds charge of Finance, on Friday stressed the need to protect jobs and retain employees even if it meant a cut in compensation, in view of the effect of the global economic meltdown…’ He said that in large measure, an economy like India’s, which was quite substantially internally driven, would need to generate domestic demand to cushion itself against the economic turbulence abroad. “We need to press for trade and aid flows to the developing countries. And We will need to look at regional cooperation to strengthen our defences against such crises.” See, The Hindu, 21 February 2009, Chennai.

39. Note: ‘Manmohan Singh realized that acceptance of a full-blown market system was not possible in India and that the state would be required for a long while to provide a whole range of services directly, and he coined the phrase ‘liberalization with a human face’ to acknowledge that welfare responsibility. But there were to be plenty of faces whose the humanity was questionable. It was argued that, though freeing the market would cause short-term hardship for the poor, eventually this would result in economic growth which would percolate to all sections of society. However, India’s poor are too poor to take even short-term hardship. Poverty means the inability to provide oneself with 2400 calories worth of grain per day in the rural areas ( 2100 in town).’

40. Note: “With one child dying of hunger and malnutrition every six seconds and over 20 million children are still malnourished, the country, and perhaps even the world order as it stands, clearly.” See the Editorial on ‘Food summit let-down’, The Hindu, 21 November, 2009.

41. ‘In India as well as in many other countries there is a growing view that the global economic crisis is abating. The signals are tentative and the muted optimism is more due to a change in sentiment rather than hard evidence. For instance, data watchers in many countries see a reduction in the pace of slowdown. That is not the same as discerning positive signs of recovery. However, the sense of hopelessness that had gripped policy makers, analysts and everyone else is giving way to a belief that the worst of the crisis is over. According to popular view, the global economy has bottomed out though it is still far from

343

Globol Economic Crisis and the Implications for South Asia

Venuopal Reddy

344

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The world is now at the threshold of an environmental disaster. The climate experts of the Intergovernmental Panel on Climate Change (henceforward IPCC) has issued on 6th April 2007 at a world conference at Brussels their bleakest forecasts of global warming, predicting hunger in Africa, loss of Himalayan glaciers and listing Asian mega-deltas among the most vulnerable regions. According to IPCC, desertification, droughts, rising seas would hit the tropical areas hard and Asian mega-deltas, the Arctic, small islands, sub-Saharan Africa would be more affected than other regions. The IPCC has also predicted that global warming may melt 80% of Himalayan glacial cover and leave India thirsting for fresh water by 2030. In fact, about 67% of the Himalayan glaciers are already retreating and a study of 466 Himalayan glaciers by scientists has estimated that their area has shrunk by 21% since the 1960s. In addition to global warming-induced climate change, human factors like high population density and unsustainable exploitation of natural resource bases in the Asian mega-deltas such as the Ganga-Brahmaputra-Megha delta will put additional stress. The World Health Organization has also warned that a lack of commitment from the top greenhouse gas emitters (the USA, EU, China, Russia, India, Japan) to cut back is the top priority for the future.

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Abstract

The aim of this paper is to examine the present alarming condition of environmental instability of the Sundarbans due to global warming-induced climate change. Giving an overview of the world scenario of global warming and the Indian perspective about the vulnerability of coastal zones to the impacts of global warming related accelerated sea level rise, it proceeds to examine the realities in the largest delta and one of the largest mangrove ecosystems in the world. The Sundarban islands are most vulnerable to submergence due to rise in sea levels in the Bay of Bengal and unsustainable human activities almost since the early colonial period, which would create innumerable environmental refugees. Higher seas are already flooding coastal areas, making the area increasingly prone to erosion and vulnerable to cyclones and storms, increasing the salinity of groundwater, fast depleting the mangrove forests and threatening the region's biota. At this critical juncture, strong and time-bound mitigation measures must accompany measures for adaptation.

Note: On the signs of recovery, The President of America said that ‘he was startled to see a Newsweek magazine cover that declared, “The Recession is over”’. Here is what’s true. We have stopped the free-fall. The market is up and the financial system is no longer on the verge of collapse. That’s true. We’re losing jobs at half the rate were when I took office six months ago,” he said. “We just saw home prices rise for the first time in three years. So there’s no doubt that things have gotten better. We may be seeing the beginning of the end of the recession. But that’s little comfort if you’re one of the folks who have lost their job, and haven’t found another.” See ‘Beginning of end of recession: Obama,’ The Hindu, 31 July, 2009, Chennai;

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The Hindu, 17 May 2009 Chennai.

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China, Russia, India and Japan being the top five) has resulted in global warming-induced climatic changes leading to rising temperatures, changing rainfall patterns and the anticipated loss of fresh water, which will eventually increase disease and malnutrition. Moreover, the inflow of water from melting polar ice sheets and glaciers and thermal expansion of the upper ocean layers would cause rise in global sea levels. It should be kept in mind that nearly 50% of the world’s population lives in coastal zones. In the USA, the figure is 53%, with more people moving into the 17% of the land on the coastal zone each year. The rising sea levels would inundate and submerge coastal cities (such as New York, New Orleans etc.) and zones everywhere in the world, low-lying countries (like the Netherlands, Bangladesh etc.), low-lying small island nations (like the Maldives in the Indian Ocean, the Marshall Islands in the Pacific etc.) and delta regions (such as in India, Bangladesh, Egypt, the USA etc.), creating millions of environmental refugees. Secondly, higher seas are likely to increase damage from surges and accelerate coastal erosion, which could threaten transportation infrastructure, tourism and coastal development. Thirdly, intrusion of saltwater into fresh groundwater sources due to rise in sea levels could devastate supplies of water used for drinking and agriculture. Fourthly, it could lead to loss of estuaries, wetlands and mangrove swamps (as in the Indian and the Bangladesh parts of the Sundarbans). Fifthly, coral reefs, which provide a rich economic resource for fisheries, recreation, tourism, coastal protection and one of the largest global storehouses of marine biodiversity, are to be adversely affected by warming and heightened seas. Sixthly, the rise in temperature and height of the oceans and the consequent change in the water world will also put stress on fisheries by altering the distribution and abundance of major fish stocks around the world. Seventhly, the warming of the oceans could trigger a disintegration of deposits of clathrate ices within the sea-bed mud, venting enough methane and CO₂ into the atmosphere to bring immense warming. Lastly, the most alarming prospect of sea level rise is the possibility that low-lying island nations, particularly those situated on coral atolls, could disappear altogether. So, quick and effective adaptation will be necessary to address such probable impacts.

The Indian Perspective

India has been identified as one amongst twenty-seven countries which are most vulnerable to the impacts of global warming related accelerated sea level rise. Indian coastline stretches about 5,700 km on mainland and about 7,500 km including two groups of islands — the Andaman and Nicobar Islands and the Lakshadeep Islands. The high degree of vulnerability of Indian coasts may be attributed to extensive low-lying coastal areas, high population density, frequent occurrence of cyclones and storms, and high rate of coastal environmental degradation due to pollution and non-sustainable development. Any global warming-induced climatic change like sea level rise; increase in sea surface temperature; and change in frequency, intensity or tracks of cyclones may aggravate the potential risks to coastal zones. The rise in sea level could result in the loss of cultivable land due to inundation, salt water intrusion into coastal ecosystems and into groundwater systems, and loss of terrestrial and marine biodiversity. A large percentage of coastal population is directly dependent on coastal and marine resources such as mangroves and other coastal vegetations, agriculture and fisheries for their livelihood. Any impact to the coastal ecosystem may affect the coastal population adversely in almost every sector of their lives. The problem of freshwater is already acute in coastal regions of Gujarat, Orissa, Tamil Nadu and West Bengal owing to over-extraction of groundwater, which has resulted in lowering of groundwater table and salt water intrusion. The lowering of groundwater table has in its turn also led to subsidence of coastal land causing high relative sea level rise. The vulnerability of coastal zones to an increasing range of stresses and shocks is likely to be exacerbated by climate change.

Model simulation studies indicate that the oceanic region adjoining the Indian subcontinent is likely to warm up at its surface by about 1.5-2.0 degree centigrade by the middle of this century and by about 2.5-3.5 degree centigrade by the end of the century due to global warming. The corresponding thermal expansion related sea level rise is expected to be between 15-38 cm by the middle century and 46-59 cm by the end of the century. As a result of an increase in sea surface temperatures, changes in the frequency, intensity or tracks in cyclones hitting the coastal regions may occur. India is frequently affected by tropical cyclones and storms, particularly during or around the monsoon. About 6-8% of about world’s 80 tropical storms are formed annually in the Indian Ocean. The frequency of formation of cyclones is five to six times more in the Bay of Bengal as compared to the Arabian Sea. So the east coast in India —— especially Andhra Pradesh, Orissa and West Bengal —— is more vulnerable than the west coast to the fury of cyclones. It is almost certain that an increase in sea surface temperature will be accompanied by a corresponding increase in cyclone intensity. Thus, an increase in sea surface temperature due to global warming leading to both a corresponding thermal expansion related sea level rise and a corresponding increase in the frequency or intensity of cyclones may eventually result in a disproportionately large impact not only in densely populated coastal areas but also in terms of the paralyzing devastation in low-income rural areas of India. Recent studies on the potential impact of one metre sea level rise along the Indian coast provide an idea about the land which could be inundated and the population that would be affected, provided no protective measures are adopted. It has been suggested that an area of 5,763 sq. km. along the coastlines of India, i.e., 0.41% could be inundated and almost 7.1 million, i.e., 0.46% of coastal population could be directly affected. In West Bengal, as a result of one metre sea level rise, 0.122 million hectares of coastal area out of a total of 8.875 million hectares, i.e., 1.38% will be flooded and 1.6 millions of coastal population out of a total of 67.98 millions, i.e., 2.35% will be affected. The most vulnerable areas along the Indian coastline including the delta of River Ganga would be totally lost. From a purely physical point of view, Gujarat and West Bengal would lose the maximum land area. In terms of population, Tamil Nadu, West Bengal and Maharasthra would be most severely affected. The cultivated land in the coastal states of India would be worst affected by both inundation and intrusion in case of one metre sea level rise. In coastal regions of...
Orissa and West Bengal, the problem of fresh water is fairly acute because of the depth of water table and the high cost of lifting the same from a depth of 700-1000 metres. Coastal ecosystems like mangroves provide natural protection to coasts by dissipating considerable wave energy and hence only smaller waves of moderate intensity reach the shore and break. Coastal erosion is no doubt caused by forces of nature but very often accentuated by anthropogenic activities. The mangrove swamps of India including those in the Sundarbans are being cleared at an alarming rate. The Sundarbans are highly vulnerable to sea level rise since it would change the salinity distribution and thereby the productivity of the soil.

The Sundarbans

‘Sundarban’ in Bengali language literally means ‘beautiful forest’. The Sundarbans in the Indian State of West Bengal as well as in Bangladesh is a sprawling archipelago of several hundred islands, stretching nearly 300 km. This estuarine phase of the Ganga, Brahmaputra and Meghna river systems is the world’s largest delta with an area of 80,000 sq. km. and one of the world’s largest mangrove forests. The West Bengal part of the Sundarbans makes up more than 60% of India’s total mangrove cover and comprises 102 islands, of which 52 are inhabited with a population of 1.8 million and 48 reserved for wildlife sanctuaries. More than 3.9 million people now live in this deltaic region, precarious subsisting on agriculture, fishing, collection of forest products (like wood and honey), and hunting or poaching. A famous contemporary Indian writer in English has described the Sundarbans and human beings’ association with the region thus: “There are no borders here [in the mohana or confluence of rivers in the Sundarbans] to divide fresh water from salt, river from sea. The tides reach as far as three hundred kilometres inland and every day thousands of acres of forest disappear underwater only to re-emerge hours later. The currents are so powerful as to reshape the islands almost daily — some days the water tears away entire promontories and peninsulas; at other times it throws up new shelves and sandbanks where there were none before …. At no moment can human beings have any doubt of the terrain’s utter hostility to their presence, of its cunning and resourcefulness, of its determination to destroy or expel them. Every year dozens of people perish in the embrace of that dense foliage, killed by tigers, snakes and crocodiles.”

Rise in Sea Levels and Increased Salinity of Groundwater

One of the greatest challenges people living in this delta may face in coming years is the threat of rising sea levels caused partly by subsidence (that is, the motion of the Earth’s surface as it shifts downward relative to a datum such as the sea level) in the region and partly by climate change. A 2007 report by UNESCO, “Case Studies on Climate Change and World Heritage”, has stated that an anthropogenic 45 cm rise in sea level, likely by the end of the twenty-first century according to the IPCC, combined with other forms of anthropogenic stress on the Sundarbans, could lead to the destruction of 75% of the Sundarban mangroves spread over a 10,000 sq. km. area in India’s eastern state of West Bengal and Bangladesh. Though official records list 102 islands on the Indian side of the Sundarbans, scientists have been able to map only 100. The rising sea levels have already submerged two islands in the Sundarbans since Suparpibangha and Lohacharra could not be sighted in satellite imagery. The disappearance of these two islands has rendered over 10,000 people homeless. A dozen others on the western end of the inner estuary delta are now threatened. As the islands are gradually sinking, nearly 1,00,000 people will have to be evacuated from those in the next decade. According to many, global warming and depletion of mangrove areas are responsible for the rising sea levels in the world’s biggest delta. The relative mean sea level in the Bay of Bengal is rising at a rate of 3.14 millimetres a year due to global warming. If this trend continues, the rising sea will devour nearly 15% of the islands in the Sundarbans. To add to the fears, a recent study by Stefan Rahmstorf, Professor of Ocean Physics at the Potsdam University, has found that global warming may lift sea levels faster than previously expected. According to him, rising temperatures could boost sea levels by as much as 1.4 metres (4.6 feet) by 2100, almost twice the rate previously forecast. Climatologists so far agree that sea levels will increase 9-88 centimetres (4-35 inches) over 1990 levels by the end of the century, but Professor Rahmstorf suggests that the range could be as much higher as 50-140 centimetres (20-55 inches). According to a report by the scientists of Jadavpur University’s School of Oceanographic Studies (henceforward JUSOS), the average rate of sea level rise as measured from the tidal records at Sagar point is 3.14 mm per year while this figure is 5 mm at Pakhiralay point near Sajnekhali, both of which are substantially higher than the global average of 2 mm per year. If this trend continues, the Sundarbans will lose nearly another 15% of its total habitable land,
Displacing more than 30,000 people by 2020. The rate of sea surface temperature increase is 0.019 degree centigrade per year, which might lead to a 1 degree temperature rise by 2050. As the rate of coastal erosion is found to be strongly co-relatable with the rate of sea level rise, this implies increased erosion and submergence of the Sundarban island system.\(^{11}\)

The rise in sea levels in the Sundarbans has a direct correlation with the increased salinity of groundwater thereof. This region is crisscrossed by a maze of tidal rivers, estuaries and creeks that carry saline water nearly 300 km inland from the Bay of Bengal, particularly at the time of high tides. In many of the Indian mangrove wetlands, freshwater reaching the mangroves was considerably reduced from the late nineteenth century due to diversion of freshwater in the upstream area. The Bengal Basin is also slowly tilting towards the east due to neo-tectonic movement, forcing greater freshwater input to the Bangladesh Sundarbans. As a result, the salinity of the Indian Sundarbans is much higher than that of its counterpart in Bangladesh.\(^{12}\)

Depletion of Mangrove Forests and the Tiger Menace

The Sundarbans Biosphere Reserve is being threatened by both human intervention and changes in the surrounding environment. The Sundarban islands, separated by a complex network of hundreds of tidal rivers and creeks, form an important buffer shielding millions from cyclonic storms and tidal waves in the Bay of Bengal. But over two centuries of converting mangrove forests into paddy land and homestead, exploiting the area’s natural resources, and hunting and poaching mostly during the colonial period have all contributed to the degradation of this region, making it increasingly prone to erosion and vulnerable to cyclones and storms. A 2007 UN study has revealed that a mere 45 cm rise in the sea level will destroy 75% of the Sundarban mangroves by the end of the century. The report by the JUSOS shows several changes in physical, biological and social components of the Sundarban islands and their temperature has risen by over one degree centigrade since 1965. This study also shows that the temperature in the area is expected to rise by another one degree centigrade by 2050. The annual number of cyclones has fallen, but they are more intense now due to global warming, which means more coastal flooding, erosion and more saline water moving in on the islands. While rainfall has risen only marginally over the years, most of the rains no longer fall during the traditional monsoon periods. Rather, rainfall has shifted to the post-monsoon period, which is a definite indicator of climate change.\(^{13}\)

Global warming-induced climatic change seems to have taken its toll not only on the mangrove plantation of the Sundarbans but also on the habitat and food habits of the Royal Bengal Tigers in the area. There are approximately 55% of the world’s wild tigers in the Indian Sundarbans, which naturally has the largest population of wild tigers in India, currently believed to be around 250. The rise in sea level threatens the resident tiger population insofar as the primary tiger habitats in Dalhousie and Bhagadoyani are gradually submerging, thereby driving the tigers to migrate north. Besides, the forest areas in the Indian Sundarbans are fast depleting due to illegal felling of trees by human beings. The tigers, unable to find enough forest cover as their habitat and unable to adjust to the excessive exposure to the sun due to rapid depletion of jungles and the increasing salinity of water, often venture out of their habitats and come into direct contact with locals. Though the rise in sea levels has led to an increase in the salinity levels of the water in the Sundarbans, the tigers are not known to drink saline water. But owing to scarcity of fresh water, they have had to change their food habits. With salinity levels increasing further, the big cats have preferred to move towards the northern fringes, where the water has a comparatively low salinity level, considerably increasing thereby the chances of man-animal conflict and tiger attacks on human beings. Around the 1880s, most tiger sightings were near the Haldibari area in the southern fringes; in the 1990s, most tiger sightings were from the Netidhopani areas of the central Sundarbans; whereas post-1998, maximum sightings have been in the Sudhamnakali area situated in the transition zone from sparsely populated to densely populated parts of the northern Sundarbans.\(^{14}\)

It is estimated that even at the beginning of the twenty-first century, a human being is killed by a tiger every other day in the Sundarbans, the Indian and the Bangladesh parts taken together, at the very least.\(^{15}\) By March 2009, it has been found that about 3,000 widows, whose husbands fell prey to man-eating tigers, are living in abject poverty.\(^{16}\) Therefore, the majestic Royal Bengal tigers have often been forced to become man-eaters due to man-made factors in the Sundarbans.

The Sundarbans: A Threatened Existence

The sinking Sundarban islands are one of the first climate hot spots in India. Around 300 sq. km. of land has already been eroded away in the Sundarbans tiger reserve as well as in the southern parts of Jambudweep and Mayadweep and the south-eastern parts of the Gosaba Block. Increased displacement of people due to loss of habitation and land as a result of sea level rise will increase India’s count of environmental refugees and add to the burden of poverty under which we are already reeling. In fact, the vulnerability of the Sundarbans to climatic impacts is very high in comparison to other coastal areas of India. Thousands of people from the Sundarbans are under the risk of losing their habitat permanently due to sea level rise, increased cyclone intensity and flooding in the ensuing decades. The Ghoramara Island, settled some two hundred years ago, had an area of 3,912 hectares, but it has less than a third that size today. According to an estimate, Ghoramara has been reduced in size by 41% since 1969, displacing 7,000 islanders over the last three decades of the twentieth century. The 9 sq. km. piece of land, which still offers shelter and sustenance to some 5,400 largely marginal farmers, fishermen and daily labourers, might not last beyond 2020. In fact, by 2035, the sea will lay claim to a dozen islands in the Sundarbans, six of which are populated, rendering about 70,000 people homeless. In the past two decades, the sea has claimed two islands, Lohacharra and Suparibhanga, the latter uninhabited. If scientists are to be believed, Ghoramara and Sagar would follow suit. As per a 2003 report prepared by the JUSOS, an annual 3.14 mm rise in sea level due to global warming-induced climate change is partly responsible for eating away these islands on the southern fringes of the Sundarbans. The higher than average rise in sea level, which is about 2.0 mm annually worldwide, is because of land subsidence,
which is typical of deltaic regions. There are, of course, many other factors that contribute to this gloomy future. First, the fast depletion of mangroves: according to an estimate, the area of the Sundarban forests was about 20,000 sq. km. in 1885, but now it is 9,630 sq. km., of which less than 4,200 sq. km. is mangrove forest. Secondly, the population explosion in the delta: a 234% increase has taken place since Independence. At this rate, the numbers may reach 5 million by 2020 and 10 million by 2050, exceeding the Sundarban ecosystem’s carrying capacity. Thirdly, the reduction in sediment supply from the rivers since silt gets blocked in the dams built along these rivers up north. Lastly, the erection of 3,500 km. of man-made embankments that, while protecting the islands from erosion, prevents silt deposition and hampers the islands’ vertical growth. During high tide, seawater inundates the islands, but river water finds no ingress because of embankments. Needless to say, the region is already under stress due to unsustainable human activities such as mindless deforestation for the purposes of creating cultivable space and having firewood, excessive use of chemical fertilizers and pesticides for boosting up agrarian production, industrially polluted water being brought by the Ganga from upstream, over fishing and the recent booming of shrimp culture that poses a big threat to Sundarban’s natural detritus food chain. The wide ranges of flora and fauna have also under gone changes for the worse. At this critical juncture, strong and time-bound mitigation measures must accompany measures for adaptation.

Response Strategies and Adaptation Measures

There can be no doubt that India is ill-prepared for sea-level rise, fresh water scarcity, crop damage and heat waves that global warming portends for the sub-continent. While higher temperatures are expected to reduce grain yields, food insecurity may also be exacerbated by the loss of cultivated land and nursery areas for fisheries by inundation and coastal erosion of low-lying areas. India and Bangladesh are especially susceptible to increasing levels of salt in groundwater and surface water along the coastal regions due to the rise in sea level. It has been suggested that the per capita water availability in India will decline from 1,820 cubic metres in 2001 to as low as 1,140 cubic metres by 2050. Due to the gradual decline of the mangrove forests in the Sundarbans, which act as a frontline defence, Kolkata would become vulnerable to tropical storms arising in the Bay of Bengal. The impact of sea level rise on the Sundarbans, as analysed earlier, is no doubt significant because the region is already under stress. To devise appropriate and effective response strategies, it is essential to make vulnerability assessment studies at both regional and local levels in the Indian world heritage islands. Moreover, efforts should be initiated to protect the coastal zones from erosion and salt water intrusion by judiciously choosing the hard (e.g., seawall, revetments, groins etc.) or soft structures (e.g., regeneration of natural protective systems like mangroves, coral reefs or replenishment of sandy beaches). Lastly, coastal zone management plan should also include research and development activities for cost effective methods for the protection of coastal lands.

According to many experts, mangrove planting will arrest the rate of coastal erosion, making the Sundarban islands, particularly the twelve sea-facing southernmost islands most vulnerable to submergence, survive longer. This is an immediate adaptation measure and the people for the sake of their lives and livelihoods are taking this action collectively. On 15th October 2007, “The Rainbow Warrior”, the “Greenpeace” flagship, docked at the Sundarbans as “Greenpeace” was there to highlight the threat of climate change to these ecologically fragile islands. The residents of Sagar Island that day joined hands with “Greenpeace” to start a mangrove planting drive as an immediate adaptation measure since it will arrest the rate of coastal erosion due to global warming on these endangered islands. The main aim of the campaign was to educate the local youth on ways to save the islands. But it is evident that unless large-scale measures to stop climate change by means of emission reduction are taken globally, a substantial part of the Sundarbans might disappear from the map. So, we must take definite measures to reduce CO2 emissions, we must de-carbonise our development. That was why, over ten thousand people, most of them school children, gathered at the Gangasagar on 14th October 2007 asking for immediate action globally to tackle the worst impacts of climate change which affect their daily lives. The devastation caused by the cyclonic storm Aila in the Sundarbans on 25th May 2009 should serve as our eye-opener. So, we must act fast and with conviction.

Notes

1. The Telegraph, 2 and 7 April 2007; The Statesman, 10 March, 8 April and 1 November 2007.


4. Ibid.

5. Ibid.

6. Ibid.


8. We find an interesting account of the beginning of early human settlement in one of the islands of the Sundarbans in the Bengali novel Padanambar Majhi written by Manik Bandyopahayya in 1936. Though Kuber Majhi is the hero of the novel, the most interesting and mysterious character is that of Hosain Mia, originally a resident of Noakhali region but now living in the riverside village of Kuppur near Deviganj, who had purchased on auction a small island named Moinbadweep in the Sundarbans. He used to lure or even sometimes compel poor families to settle in that island and embark on cultivation by clearing forests. Hosain was obsessed with Moinbadweep and wanted to fulfill his only dream before death to settle one and half thousands of people there so that not a single bigha of land thereof remained uncultivated. Bandyopahayya, 1998: 13-97.


10. Ghosh, 2004: 7-8. This wonderful novel, written on the background of the tide country of the Sundarbans in West Bengal, has two stories juxtaposed in it, one past and another present. The past is relating to the incidents that took place in a
Sundarban island called Morichjhapi by mid-May 1979 as narrated by Nirmal Bose, the headmaster of Hamilton School at Lusibari, is the farthest of the inhabited islands in the Sundarbans, in his notebook. It was occupied by some refugees, who came there to settle from their resettlement camp in Dandakaranya in central India, leading to a violent confrontation with the Government, whereupon they were forcibly taken away to their original camp. The present revolves around Piya, an illiterate fisherman of Lusibari, who was the husband of Moyna, a trainee nurse in the Trust’s camp. The present revolves round Piyali Roy, an Indian-American cetologist based in Seattle, who came there to settle from their resettlement camp under the sponsorship of the Badabon Trust, where Fokir to survey the dolphins of the Sundarbans. The present revolves around Piya, an illiterate fisherman of Lusibari, who was the husband of Moyna, a trainee nurse in the Trust’s camp. The present revolves round Piyali Roy, an Indian-American cetologist based in Seattle, who came there to settle from their resettlement camp under the sponsorship of the Badabon Trust, where Fokir to survey the dolphins of the Sundarbans. Piya then went to Kolkata and caught in a storm and Fokir saved Piya’s life by sacrificing his own. Piya then went to Kolkata and caught in a storm and Fokir saved Piya’s life by sacrificing his own. Piya then went to Kolkata and caught in a storm and Fokir saved Piya’s life by sacrificing his own.

Moyna would act as a part-time worker. Moyna could buy a house and provide college education for Tutul. Being offered funding from several conservation and environmental groups, raised some money through the internet so that they were forcibly taken away to their original camp. The present revolves around Piya, an illiterate fisherman of Lusibari, who was the husband of Moyna, a trainee nurse in the Trust’s camp. The present revolves round Piyali Roy, an Indian-American cetologist based in Seattle, who came there to settle from their resettlement camp under the sponsorship of the Badabon Trust, where Fokir to survey the dolphins of the Sundarbans.

The State Government provides for the relief and rehabilitation of only those widows who can produce photographic evidence of their husbands’ death at the hands of a tiger. Since it is impossible to produce a picture of a tiger ambushing its victim and then killing him, the Rs. 20,000 meant to be paid as relief money seldom reach the next of kin of the victim. ‘Oyikkoston Sanघो‘, a social voluntary organization in the Sundarbans, is about to set up vocational training units for these widows in order to give them a source of livelihood. The Statesman, 3 March 2009.

20. For instance, a part of the conversation in between Kanai Dutt and Piyali Roy may be cited:

‘Do you think there are fewer dolphins than there used to be?’

‘Oh yes,’ said Piya. ‘It’s known for sure that these waters once held large populations of marine mammals.’

‘That’s happened to them then?’

‘There seems to have been some sort of drastic change in the habitat,’ said Piya. ‘Some kind of dramatic deterioration.’

‘Really?’ said Kanai. ‘That was what my uncle felt too.’

‘He was right,’ said Piya grimly. ‘When marine mammals begin to disappear from an established habitat it means something’s gone very, very wrong.’

21. ‘Why?’

‘Why else?’ she said. ‘Because there’s a lot of money in prawns and the traders had paid off the politicians. What do they care – or the politicians for that matter? It’s people like us who’re going to suffer and it’s up to us to think ahead. That’s why I have to make sure Tutul gets an education. Otherwise, what’s his future going to be?’

22. ‘Really?’ said Kanai. ‘That was what my uncle felt too.’

‘He was right,’ said Piya grimly. ‘When marine mammals begin to disappear from an established habitat it means something’s gone very, very wrong.’


24. References


Culture as a Preferred Strategic Choice for Asian Countries: An International Business Approach

R Shanthakumari & A Somalingam

Abstract
Culture plays very important role in the International Business. There is always a misunderstanding in between ‘westernised-culture’ and ‘non-westernised culture’. The purpose of the article is to highlight the importance of culture as a preferred strategic choice for Asian countries in relation to international business. Asian developing countries can’t compete with free trade practice with ‘western-cultured’ states until they have the ability to counter the global competition. It is concluded that in the international forum, trading with similar cultured-countries is more encouraging in the developing stage, hence it is considered as, culture is one of the strategic choices in the international business environment.

Introduction
The purpose of the article is to highlight the importance of culture as a preferred strategic choice for Asian countries in relation to international business. Socio, economic and political stability is very much required for the nations which are interested in achieving sustainable development. It is sole responsibilities of the administrators of the government to provide secured society and protected civil rights for their belonging. Secured society in the sense, free from violence, protection from internal and external threats, reasonable distribution of economic resources, scientific and intellectual advancement etc. While framing strategic planning for developing and managing sectoral issues, tourism, heritage, rural and urban marketing are beneficiaries of greater cultural content. International business is also one among the area, a government or any operator of international business has to keep certain principals and policies which should not bleak the culture or cultural advantage of the nation.

Meaning and Concept of Culture
Culture is a system of collectively shared values, beliefs, tradition and behavioural norms, unique to a particular group of people. As advocated by many of the popular writers, culture includes the values, traditions, norms, customs, arts, history, folklore and other institutions shared by a group of people. Hence the traditional culture refers old ways of doing things in the community before modern influence. Every day, human life witnesses culture as an expanding phenomenon. New meaning and concepts are, still, being developed for culture. In the global perspectives, however, two cultures namely Western and non-Western cultures are popular. In the changing scenario, the cultural trend can be discussed into three, such as ‘culture refers as culture’ (Castles 1998) and in which knowledge intervenes knowledge itself. ‘Knowledge aids culture’ to expand further and further. Secondly there is a trend that ‘culture becomes more of a commodity’ (Young 2003). Thirdly, the process whereby commodities themselves acquire greater cultural and symbolic content (Scott 2000). In the information era, culture is a leading intellectual resource which can interpretate and transform any society to be more purposeful one. But often many of the social institutions and governments fail to encash cultural advantages.

Cultural change is inevitable in our age. Hugh Mackay, a leading Australian social researcher wrote that thirty years of social, cultural, technological and economic change, have resulted in a wide spread sense of uncertainty amongst Australians, who feel that they are not in control of their own futures but are, merely pawns in someone else’s global chess game (Hugh Mackay 1999, p.ix, x). Post-Development theorists accuse development of decimating ‘third-world cultures’ by destroying the ‘old fabric of communal societies,’ breaking human relations and community cohesion, and creating divisions and dependencies (Rahnema and Bawtree 1997:384-391; Carmen 1996:42).

The UNO Concept of Culture and Peace
A United Nations-backed international treaty to preserve the rich diversity of the world’s means of cultural expression from the...
Popularit of Joint Family and Nucle "Family

Nucleus and joint family concept is fully
very popular among the Asian families. In
Western and European countries, this kind of
joint family practice is limited. In Western
countries, many young people face problems
and they do not have opportunity to live a
normal life because of their nuclear family
relationships break down. For example,
children with abusive parents often find it
difficulty to seek help from others; teenage
single mothers often encounter problems in
raising their children; and young school leavers,
boared at home may be, prompted to participate
in illicit activities (Catalano, Berglund, Ryan
all over the world that parents do benevolen thing to their children by nurturing and
motivating for their future, provided if they live
in the nucleus family with more commitment
to build their traditional background. However,
the main concern is that the norms and values
of traditional cultures are gradually dying out
due to the vast influence of Western cultures,
Christianity, and other forces at play since the
colonial days (Hamena 2008).
Youth Development in the Light of

Traditional Culture

As there is non-existence of joint
family or nucleus family in the western culture,
it results automatically negligence and lack of
care on their younger generation’s future.
Money alone can’t serve the purpose of youth
development. Personal care, motivation,
parental/family relationship, regular monitor in
their progress from child-good to adult-good
are very much required. All over the world
the administrators know that youth development
is very basic and vital part of any development
programme. Many countries try to frame
policies and programmes for their youth. But
the youth policy’s objectives never fully
implemented. This may have contributed
numerous problems encountered by young
people that include confusion between traditional
and modern cultures, poverty and hardship,
drug and alcohol abuse, prostitution, theft and
unemployment. In America, the number of
divorces per 1000 marriages now stands at a
staggering 504, and 19.3% of the women in
the age group of 30 to 34 are unmarried. 20%
of the children grow up in single-parent homes
and two-thirds of black babies who are born out
of wedlock life with their mothers. There
are 15 suicides, 100 drug crimes, 15 road
accident deaths per 1,00,000 people in the
developed countries. (Malay and Arindam
2003). 2.7 million fraudulent transactions on
UK-issued cards recorded by APACS ( the
UK Payments Association) in the UK in 2007,
an increase of 20% from 2006. British Crime
Survey (BCS) estimates that there were
21,64,000 violent incidents against England and
Wales in 2007/2008. (Crime in England and

Mobility and Migration

Large numbers of work forces are
migrating from Asian countries to other parts
of the world, particularly to European and
American countries. Though the mobility
and migration are frequent in nature it is a potent
evidence that most of the Asians never loss
their cultural identity. ‘culture identity’ is just
like a ‘branded equity’ for Asian human force.
‘Hard work’ as well as ‘smart work’ are
meritorious ‘work culture’ for the Asians. In
the modern organizations, work culture
becomes a fashion to the people working and
lacking passion even with the promoters and
other stake holders of the companies. The
westernized work culture is being spread over
to other parts of the globe, where integrity,
loyalty, commitment, long-lasting relationship
are questionable qualities amongst the
work group.

Mobility and Migration, some time aid
to the Asian work group to protect their own
culture and many occasions instigate to loss
their identity by westernized-culture, which
are strong enough to offer employment as well as
to bring change into their new life style and
behaviour. In the traditional culture, the people
of Asia sacrificed their life and blood for the
cause of soil’, ‘kith and kin’ ‘culture and
civilisation’, whereas Westernized-culture,
often, taught them to loss not only life but also
self-respect, dignity and traditional culture for
the cause of ‘money’ and ‘money’ alone.
‘Globalisation process’ is not an adverse
programme to the Asian countries forever. But
the present trend, including socio, economic,
political and cultural environment, does not
warrant Asian countries for active participation
in the global market.

Global Recession and Repositioning of

World Countries

The World Bank said the global
recession in 2009 will be ever deeper than
previously predicted. It is also revealed by the
World Bank’s Report that the global economic
recession and associated market turmoil
caused a steep drop in international capital flow
to investments in less developed countries
in 2008. The foreign investments are expected
to fall further during 2009. Global Economic
Prospects 2009 finds the global economy

Asians
transitioning from a long period of strong developing-country-led growth to one of great uncertainty as the financial crisis in developed countries has shaken markets worldwide. GEP 2009 projects that world GDP growth will be 2.5 percent in 2008 and 0.9 percent for 2009. Developing countries will likely grow by 4.5 percent next year, down from 7.9 percent in 2007, while growth in high-income countries will turn negative. (World Bank Press Release No: 2009/160/DEC; In DC: Merrell Tuck). Due to the recession, world per capita income is expected to decline next year, export growth and capital inflows will fall, borrowing costs for developing countries will rise as contagion spreads from the major economies; the United States dollar is set to resume its decline, with a possible hard landing in 2009, according to the UN Annual Economic Report, (2009).

“People in the developing world have to deal with two major external shocks- the upward spiral in food and fuel prices followed by the financial crisis, which has eased tensions in commodity markets but is testing banking systems and threatening job losses around the world,” said Justin Lin, World Bank Chief Economist and Senior Vice President, Development Economics. “Urgent steps are needed to help reduce fallout from the crisis on the real economy and on the poorest, including through projects that build better roads, railways, schools, and health care systems.” (World Bank Press Release No:2009/160/DEC; In DC: Merrell Tuck).

The financial outlook for emerging Asia is less bleak than in other parts of the world, with local equity markets showing signs of recovery and local currency bond issuance expected to rise this year, a report from the Asian Development Bank said. “Still, the road to sustainable recovery will be long and depends in large part on a rebound in the developed world”- Asian Development Bank Senior Economist CYN-Young Park said. (The Wall Street Journal/Economy 22 April 2000).

The damage of recession is limited in Asian countries. The reason is most of the financial institutions are run by the Governments. Banking deposits and insurance deposits i.e. mutual funds and unit linked insurance products are worst affected area in the global financial market. It is estimated that capital levels in the US and UK Life Insurance sector will decline considerably. It is estimated that countries with larger domestic institutional investor bases will be better positioned to handle this effect (International Monetary Fund 2008). It is to be understood that Asian people are, though financially weak, having the culture of financial savings for the benefit of their future. Their nucleus family system warrants this need and want as a basic culture. Hence, in turn, it is also viable for the Asian countries to have a larger domestic institutional investor’s base. Because of the above, it is a strategic choice for the Asian countries to have domestic and international business with similar or non-westernised culture countries.

The Baseline Scenario of UNO

According to the baseline scenario, world output will reach a meagre 1 per cent in 2009, compared to 2.5 per cent in 2008 and global growth rates of between 3.5 and 4 per cent in the preceding four years. The 2009 projection includes a decline in output of 0.5 per cent in developed countries, along with growth of 5.3 per cent in the transition economies and 4.6 per cent in the developing world. (The UNO Report: World Economic Situation and Prospects 2009). Under a more optimistic scenario, factoring in fiscal stimulus of between 1.5 and 2 per cent of gross domestic product (GDP) of the major economies and further interest-rate cuts, developed economies could post a 0.2 per cent rate of growth, and the developing world would surpass 5 per cent growth, the economists calculate.

Cross-Cultural Management in the Modern Organizations

It is established behaviour of the people that organisational learning of an individual is fully depended on the country’s culture. For example, Indian, Singaporean and Chinese theories of organisational learning, respectively, which are dependent on the specific culture of the country (Kumar 2000:49-69). Though many number of factors involved in the process of organisational learning, value and ethics are very important factors during work culture (Deshmukh and Gupta 2003). There are many number of issues related to consumers in which issues related to ethical grounds are like, good quality of product, reasonable prices, correct weights and measures, safety and purity, consumer education and protection etc. But in reality, business man exploits the consumers by duplication of products, false labelling and by misleading advertisements. During the course of international business, parties from different countries may have trouble coming to contract terms because of differences in laws governing their respective activities across the boundaries. It is usually extremely difficult and costly to sue a party for breach of contract. Thus the contracting parties and the people of the organisation should live up with the highest ethical standard, for which culture is a powerful supportive element in the international business environment.

Cultural Influence in Asian market

Cultural factors exert the broadest and deepest influence on consumer behaviour. The roles played by buyer’s culture, sub-culture and social class are particularly important (Kotler:172). Culture has its own influence in global market, and very strong influence in Asian market. Because, culture-adoptability behaviour is very strong in Asian countries. Western culture survives by continuing to change, adapting to it’s global environment, while traditional cultures are laced for not changing, with the implication that western culture is less valuable than the traditional cultures since it has neither integrity nor stability (Harris 2005:102).

Cultural values are powerful force in forming distinctive attitudes and behaviour, and also serve as important guiding principles in the lives of individuals in that group or society (Harry 1994). Taste and preference of consumers are learned response and is highly variable from culture to culture, has a major impact on the market environment. Edward T. Hall (1976) suggested ‘high-context cultures and low-context cultures’ as a way of understanding different cultural orientations. For high-context culture, Japan and Arabian countries are given example, that emphasises obligations and trust as important values. In low-context-culture, for example United States, Swiss and German, deals are made with much less information about the character, background and values of the participants. To meet out all kinds of contractual obligations, to sanction loans to common man and to
manage men in the organisation, studying the cultural orientation of the society and country is very important. In general, high-context cultures get along with much less paper work than is deemed essential in low-context cultures. The above study is one of the best examples, which is one of the reasons for today's economic recession in westernised-cultural states. For example, to maintain quality and reliability in the banking system, both customer and banker should co-operate with each other while mobilising funds for the operation as well as encouraging savings amongst the civilians for the benefit of their old age provision and future generation.

In the course of business, culture-based competition is potent in domestic and global level. It is the responsibility of the Asian players to identify the course of action to protect and retain their own cultural identity so as to conduct reliable and conservative business in their international forum. For example, ongoing business between India and its foreign clients is spurred on by mutual interest. Often, false rumours, supplier defaults and customer cancellations are prevalent. It is because Indian society is at least as ethnically and culturally diverse as that in Europe, and business practices are probably even more varied than in Europe.

Foreign Trade and Cultural Management

Before the 6th UN World Trade Organization (WTO) Ministerial Conference in Hong Kong in 2005, the prevailing rationale for the preferences was that “trade is better than aid.” The new paradigm has become “aid for trade” (UN News Centre, UNO). Prior to modern society, Asian business people were well aware of doing international business. Travelling to distant countries, conducting a business of gold, diamond and other precious stones were in practice by major countries of Asia including India, China, Japan and Arabian countries. Barter system was popular in those days by exchanging essential commodities between the rulers and other bureaucrats of the countries. During the colonisation by the Europeans, the culture of foreign trade with the neighbour, friendly and culturally related countries were broken through “divide and rule” policy of Europeans. In the dawn of 20th century, the dominant western-cultured nations formed their own foreign trade policies in which major resources i.e. raw materials were imported from Asian and other parts of the developing and under-developed countries at cheaper cost. The same raw materials were converted into value added products and exported to the same third-world countries, particularly to Asian countries. Because, Asian countries are most populated countries in the world, which have got good scope for European/Western products. Japan is one of the exempted category in the Asia, who followed their own cultural/organisational strategy with strong unity, integrity, hard work and Total Quality Management concept and countered the western-cultured nations. All other countries in the Asian region are still fighting for the foreign trade practices. Because of their inability to upgrade their skill and knowledge and failure to mobilise resources for the global competition, most of the Asian nations are put into great confusion that whether to participate in the globalisation or not.

Allowing a multi-national companies and making a joint-venture with a western culture/developed nations is always a dangerous signal to future prospects of developing Asian countries. Fortune 500 companies and other MNCs with huge turnover would easily wipe out Asian companies which are developing in nature and having with small amount of turnover. Thumps Up and Coca Cola case is one of the best example in Indian environment. The sales figure of the top 200 companies in the world, from 1983 to 1999, is equivalent of about 27.5% of the world GDP. Their sales are equivalent to 27.5% but they employ only 0.78% of world’s work force. In the fifteen years of service, their profit grew by 362.4% whereas the number of people employed by them grew only 14.4% (Malay and Arindan 2003:29-30). No one from developing economy can imagine to compete with these giant MNCs. Because, their business motives and culture is different from Asian culture. They invest huge amounts in publicity and advertisements to motivate and make them to purchase their products. It is also true that most of the MNCs never care about the cultural values; most of the advertisements are western-culture based. Advertisements made by the MNCs create an imagined need in the minds of economically disadvantaged people rather than understanding actual need. Multi-Level Marketing (MLM) is a concept introduced by the MNCs to market financial products and home appliances. The unemployed youth in the Asian region met great loss and confusion in executing these marketing idea, which is totally unmatching with our low/moderate income group. Countries like India, Malaysia, and China in the Asian region have already experienced heavy job losses due to the entry of MNCs. Only a strong domestic competition can build up the ability of nation to manufacture high quality product, as in the case of Japanese economy. Without the experience in competing with domestic competition/similar culture, companies can’t compete with a free market system which is a totally different culture to the international business.

Endangered Gender Approach

Living and marrying with the same sex is one of the endangered gender approaches in human life style. In other words it is said to be unnatural way of doing sexual intercourse, i.e. lesbianism and homosexual practice. It is common in most of the Western-cultured countries, including Denmark, Swiss, France, United Kingdom, United States etc. whereas in the Asian continent, except few, it is dead against of their culture and ideology. In most part of the Asia region, including India, Japan, Nepal and China, marriage with opposite sex is to be treated as divine relationship and is also enjoying legal sanctity. But in most of the western-cultured countries, marriage is only a contractual obligation and marrying with the same sex is legally valid. In most of the Western-cultured countries, including Denmark, Swiss, France, it is said to be unnatural way of doing sexual intercourse, i.e. lesbianism and homosexual practice. It is common in most of the Western-cultured countries, including Denmark, Swiss, France, United Kingdom, United States etc. whereas in the Asian continent, except few, it is dead against of their culture and ideology.
signal in developing international relations, even for the purpose business.

Conclusion

International Business is conducted in a more complicated and ever-changing environment. Whatever be the character of the business, whether national, international, trans-national or global, it is a blend of economic, political, cultural and personal realities and events. The idea of globalisation is to synchronise world counties on one platform is more encouraging one, provided all the participating nations are equal capability socially, culturally, economically and politically. From the experiences, it is noted that the intervention of westernised culture-countries are more in the global business. Hence the amount of uncertainties is also much more because of their personalised regulations and practices. Business relationships between parties of different cultures and or nationalities are subject to additional challenges. Natural and human induced catastrophes, political problems, foreign exchange inconvertibility, widely fluctuating exchange rates, depressions and changes in national economic priorities and tariff schedules are dominating the international business environment. More over, there is an excellent market potential in the Asian continent in which the present major operators are from western-cultured nations. The present trend is an opportunity for Asian countries to counter the trade and gain cultural advantage. Hence, it is suggested that cultural-based international business approach may be the priority for the Asian developing countries.

References


Ethnicity and Ethnic Policies in Pakistan and Myanmar

T T Haokip

Abstract
The paper attempts to examine the practices of colonial power and the ethnic policies of Pakistan and Myanmar in addressing their vast ethno-cultural diversity and the way the ethnic minority groups have evolved their identity. The paper argues that the ethnic policies of Pakistan and Myanmar with respect to religion, language, historiography, curriculum and mono-ethnic ideology reinforce and intensify perceptions of ethnic discrimination and ethnic nationalism. The minority ethnic groups, who consider the ethnic policies as the source of social disruption, inequity, insecurity and not the agent of equitable development, depict ethnicity as the alternative imagined kinship community. The ethnic minority groups felt that their share in the politics, administration, economy or society has been undermined. The paper concludes by arguing that so long as the nation-building process in both Pakistan and Myanmar undermines the aspirations of the minority ethnic groups, crisis will persist and ethnic nationalism would always threaten the national identity of Pakistan and Myanmar. The leaders of Pakistan and Myanmar need to redefine their policies that will guarantee regional autonomy, wealth sharing and equal participation in decision-making.

Introduction
There is a consensus among scholars that increasing cultural differentiation especially in a conflictive or competitive political context very often leads to the manifestation of politicised collective consciousness, which gradually crystallises in opposition to “other.” There is also a consensus that a highly political and ambitious leadership or elite within an ethnic group more often than not midwifed collective consciousness. National or ethnic is therefore, conceived as “a socially constructed, variable definition of self and other, whose existence and meaning is continuously negotiated, revised and revitalised.” National or ethnic identity is never static but always reconstructed in response to new interests and perceptions through shared ancestry, history, culture, language or through constructed, imagined historical and cultural links. Many scholars have emphasised the “indissociable relationship” between ethnicity or nationalism and political legitimacy. Thus, the origin could be “primordial” but assertion is usually “circumstantial.” B.B. Lal (1983), Paul R. Brass (1991) and John Breuilly (1993) advance the circumstantial argument.

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Nationalisms in Southeast Asia, according to Nicolas Tarling had been “reactive, creative, constructive and destructive.” While reacting against the colonial rule, the state elites at the same time domesticated the “nationalist idea” in constructing the nation-state as an ideological vision. The strength of the nation-state is assured so long as the state elites played a crucial role in constructing the nation as an ideological vision and are seen as delivering on their promises of equitable development. The nation-states began to weaken when state elites began to be seen increasingly as the source of social disruption, inequity and insecurity. The inability of states to fulfil their invented ideology of social justice led to the erosion of its main ideology, the myth of assimilating nation. This in turn has generated the countervailing strengthening of ethnic nationalist claims. The adoption of new strategies by the nation-states to manage ethnic claims involves the dismantling of the earlier myths of assimilation, and replacing it with new symbols of multicultural nationalism. While it celebrates cultural diversity at the ethnic level on the one hand, it continues to depict the nation as the umbrella cultural community within which the distinct and compatible ethnic cultures can flourish on the other. However, the more the state commits itself to allocating resources or rights, the more it opens itself to accusations of ethnic bias. In most cases, the state is no longer seen as neutral and impartial guardians of the citizens. In the process, like the state elites, the ethnic elites formulate movements based on shared meanings of common descent, real or imagined simply to mobilise political support for a variety of objectives ranging from autonomy to secession or to gain some advantage within an existing state. While the primordialists considered blood ties, race, language, religion and custom as the important aspects of ethnicity, the instrumentalists on the other hand consider ethnicity as a weapon in pursuit of collective advantage or a resource for interest groups. Ethnic nationalism anywhere in the world has always been more concerned about its political power rather than some primordial identity. Ethnicity or ethnic nationalism is not really about identity, culture and traditions, but about political power. It is about either share in the existing state power structure, or, if that is not possible, about creating its own space. The paper attempts to study the how the ethnic policies of Pakistan and Myanmar initiate and intensify the politicisation of ethnicity and ethnic nationalism in Pakistan and Myanmar. Colonial rule and Ethnicity

The colonial rule at one level brought ethnic groups into closer contact by including the areas inhabited by various ethnic groups within the borders of the colonial state. At another level, it amplified and intensified ethnic differences. Colonialism changed the nature of the state, the relationship between state and society, relations between ethnic groups, social perception from an unbounded patron-client and center-based abstraction to the Western idea of ethnic identity and a nation. However, it would be incorrect to say that the colonial rule directly created ethnic nationalism or separation. The political, economic and cultural effects of colonialism intensified the demarcation between communities and provided the mould and means for the emergence of new identities both in Myanmar and in Pakistan.
Myanmar/Burma

The colonial state largely brought the ethnic empires into closer contact as well as aggravated disputes and ethnic differences. Ethnicity and ethnic identity, which was not paramount in pre-colonial Burma amplified aggravated disputes and ethnic differences. The process of assimilation of Arakanese and Mon into the dominant Burman culture intensified during the colonial period. The recruitment of Kachin, Karen and Chin to the colonial army resulted in establishing ethnically segregated units. Representing roughly 13 percent of the population, the Karen, Kachin and Chin ethnic groups accounted for 83 percent of the armed forces of Myanmar/Burma in 1931. The recognition of Shans in Myanmar as a special group, frequent conversion of Chins, Kachins and Karens to Christianity further created a gap between them and the Buddhist majority in the valley. Additionally, the Burman farmers and workers were at the bottom of the social ladder because of the immigration of new ethnic groups such as Europeans, Indians and Chinese. The Indian labourers and moneylenders opened up Burma’s Irrawaddy as one of the world’s rice bowls and by the 1920s, Myanmar’s economy was in the hands of the British, Indians and Chinese. The Indian labourers and moneylenders opened up Burma’s Irrawaddy as one of the world’s rice bowls and by the 1920s, Myanmar’s economy was in the hands of the British, Indians and Chinese. The Indian labourers and moneylenders opened up Burma’s Irrawaddy as one of the world’s rice bowls and by the 1920s, Myanmar’s economy was in the hands of the British, Indians and Chinese. The Indian labourers and moneylenders opened up Burma’s Irrawaddy as one of the world’s rice bowls and by the 1920s, Myanmar’s economy was in the hands of the British, Indians and Chinese. The Indian labourers and moneylenders opened up Burma’s Irrawaddy as one of the world’s rice bowls and by the 1920s, Myanmar’s economy was in the hands of the British, Indians and Chinese.

Burman national movement and further polarised the ethnic relations. Communal clashes erupted between Burman-dominated Burma Independent Army (BIA) and Karens as well as Buddhist Arakanese and Muslim Rohingyaas in Arakan. In Shan state, the Sawbwas swore allegiance directly to the Japanese rather than to the BIA.

The colonial power instituted different system of laws in order to manage the ethnic groups of Myanmar. The division of Myanmar into ‘Ministerial Burma’, and ‘Frontier Areas’ which was described as ‘order without meaning,’ was not merely division of land but separation of Burmans and minority groups as well. While the heartland was with the predominant Burman population, the non-Burman minority ethnic groups were with the ‘Frontier Areas’. Initially, the British left the Frontier Areas largely untouched, while they deliberately adopted more intrusive and direct rule in “Ministerial Burma.” Additionally, while the Act of 1935 enhanced self-government in the heartland, the Frontier area was further sub-divided into ‘partially excluded areas’ with some political rights and ‘excluded area’ directly governed by the British governor. Successive policies reflected the colonial exclusion/inclusion process and strengthened the division. The British promised political independence to the minorities in the post-war period. Ever since then, the majority Burmans and ethnic minority groups began to have different visions of the country’s future. The British substituted ‘unite and quit’ for ‘divide and rule’ after the Second World War, although a British officer in charge of the Frontier areas campaigned against the inclusion of the hill people into the Burman Union. While the Japanese sought to use the nationalist aspirations of the ethnic Burmans, the British sought to take advantage of the hopes and fears of the non-Burman nationalities. In the process, both the Burmans and minority ethnic groups had been betrayed.

Pakistan

The British patronised the Muslims in Punjab who served as the guardians of the British Indian Empire. The British Indian Army was “Punjabised,” as almost fifty percent of Muslims in it were Punjabs. While the British colonial exposed those groups who were useful for the consolidation of its empire to modernisation, it deliberately left others at the peripheral level of development. The Pashtoons in the North-West Frontier Province, who maintained a strong ethnic identity, remained outside the pale of modernisation and denied political and constitutional reforms until 1932. The British partially urbanised Sind province due to the strategic and political importance of Karachi. The British created new elite of landed aristocrats who were more interested in serving the interests of the colonialists than their own compatriots through gifts of large tracts of land, especially in the Canal Colonies. The political strategy of the colonial power was so successful that, depending on the degree of identification with the colonial rule, some ethnic communities began to consider themselves as superior to others. The British rule was a great blow to the Muslims as they could identify themselves neither with British rulers nor with Hindus. To the chagrin of the Muslims, the Hindus and the British converged together in their distrust of Muslims and subjected them to political and economic isolation by the end of the 19th century. The desperate attempts of the Muslims to relocate themselves and salvage their plight in different directions need to be viewed in this background. The perception of Hindu domination as the common threat united the majority Muslims behind Jinnah’s declaration that the “Muslims were a nation by any definition.” While the All-India Muslim League, formed in 1906, was busy with the political mobilisation of the Muslim masses, the British colonial administrators encouraged the growth of ethnic identities, which created inter-cultural alienation and inter-ethnic animosities.

Pakistan, which emerged out of the contradiction in Indian society in the name of Islam, continues to struggle the task of sustaining itself and its identity.

Ethnic Policies of Myanmar and Pakistan

The politicisation of ethnic identities that began during the colonial period resulted in widening the socio-economic gaps, power disparities, competition for control over territory and resources in the post-colonial period. The use of coercion and military force by Myanmar and Pakistan against minority ethnic groups has led to radicalisation of ethnic groups and escalation of ethnic conflicts. Increasing assertion of the majority ethnic groups that progressively shut one door of privilege after another on minority ethnic groups led to the emergence of ethno-nationalist movements in both Pakistan and Burma. The myopic management of politics in the post-independence period complicates the processes of national building in both the countries.

Religion

The concept of Pakistan, first envisaged as a Muslim state of South Asia and a religious philosophy where the Muslims
would be free to pursue their religion and promote their culture subsequently became a democratic and a secular nation. However, neither the stalwarts of the Pakistan’s freedom movement nor its opponents were clear about the role that Islam would play after independence. The top leadership were not only undecided about the way they would define a secular state in the name of Islam but also differed widely over the issue. While the Muslim leaders understood the symbolic value of Islam, they at the same time opposed any theocratic system of governance. Jinnah’s dream of Pakistan was secular in form but Islamic in spirit. The Muslim League leaders were more concerned about short-term goals and no one in the party gave much thought as to how a traditional ideology of Islam would be translated into the constitutional framework of a modern democracy. After a year of debate over the issue, a compromised resolution known as “Objective Resolution” was adopted, stating that in Pakistan, Allah (God) had delegated his authority to the people of Pakistan. However, the resolution was vague, as it did not specify the limits of political power and authority. The 1956 Constitution of Pakistan failed to address clearly the role of Islam in the state, although it labelled Pakistan as an “Islamic Republic”. While the 1962 Constitution of Pakistan removed the word, “Islamic Republic,” the 1973 Constitution again made Pakistan an “Islamic Republic.” This label changing was an indication of serious internal contradictions within the national identity of Pakistan. The Islamic-state controversy continues to polarise between the orthodox and secular factions. Many of the problems, vulnerabilities and crises that Pakistan encountered existed or germinated during the period of the country’s conception. The Islamic rhetoric, which mobilised the Muslims in the past, opened a Pandora’s box of arguments and counter arguments.

The separation of East Pakistan was not just a territorial loss but the failure of an Islamic ideology. It demonstrated the difficulty of managing Pakistan’s ethnic diversity through overt use of Islamic symbolism. The rise of ‘Islamic ethnicity’ in the post-1971 Pakistan in the wake of the rising assertion of ethno-linguistic diversity posed a challenge to the state. The process of Islamisation initiated by Zia-ul-Haq evoked lot of controversy and alienated the Shia. The ruling elites’ attempts to superimpose an Islamic identity upon the ethno-linguistic identities have not quite paid off. The more the ruling elite sought to use Islam as a binding force, the more the fissures. The Pakistani leadership except Ayub Khan had made use of Islamic symbols to unify the diversity. Ayub Khan had attempted a secular way of ‘coalescing all divergent linguistic and sectarian social groups into a single whole.’ Ever since then, no significant step has been taken to unify the diversity of Pakistan on a secular basis. The failure of the evolution of an Islamic universalism has affected the nation-building efforts in Pakistan in many ways. Islam as an integrative force has been rendered almost powerless in the face of contradictory forces (ethnic versus national). The political leaders of Pakistan expected too much from Islam when they used it as the only integrative determinant of national identity in a state based on Westminster type democracy. Consequently, the rich mosaic of ethnic groups with little sympathy for each other, participating less in common ideals, suspicious of and hostile to each other, are held together only by the might of the state. In the process, neither an Islamic state in the real sense of the term nor a true democracy has taken shape in Pakistan. As Edwar Mortimer highlights, “Pakistan was an idea before it became a country, and whether it is a nation remains doubtful even today.” Pakistan has remained an “ideological state” but with no “known ideology.” Pakistan, despite the exclusive rationale behind its formation was politically more inclusive than Myanmar because the elites accepted religion as the basis of identity. However, while one identity (Islam) was secured, the other identities (language) came to the fore, seeking institutional recognition. Pakistan still remains an artificial creation and is still in search of its national identity.

In Myanmar, Buddhism, Burmese language and literature influenced the early stage of nationalist movement. Nationalism in Myanmar was founded on a historically and religiously oriented nationalism with close ties to Buddhism and a modernist and secularly oriented nationalism. Myanmar defined as a secular inclusive nation state at independence failed to evolve as an inclusive secular state as the ethnic Burmans portrayed the state of Myanmar as successor to the Burman dynasties of the past. Unlike Pakistan, Myanmar represents a society deeply fragmented along religious line. Besides the Theravada Buddhism shared by the majority Burmans and other ethnic groups such as the Rakhines, Shans and Karens, there are substantial communities of Christians, Hindus, Muslims and Animists. While Buddhists constitutes approximately 84 percent, Christians and Muslims account for 4 percent each, others account for 3 percent. Christianity is more often than not identified with the tribal communities. Hinduism is mainly associated with Indians who came to Myanmar during the British rule. The Indians whether Hindus or Muslims are still considered as ‘kala’ or foreign even though they are largely the offspring of older generations. However, Burma, which in theory was created as an inclusive secular state, in reality, became a mono-ethnic Burman-centric state with Buddhism as the state’s majority religion. Unlike Aung San who sidestepped the religious and collateral Burman claims to superiority, U Nu and the successive leaders of Myanmar lacked the vision and capacity to carry the ethnic accord forward. Although U Nu immersed in politics, his heart was with religion. The religious minorities strongly opposed the proposal of U Nu when he proposed a Union based in part on Buddhism as the state religion in 1960. The proposal was seen as violation of the essence of the Panglong Agreement, which guaranteed full autonomy in internal administration, enjoyment of democratic rights, financial support, and economic equality for the Frontier Areas. The ethnic minorities also viewed the state religious bill not only as religious issue, but also as a constitutional problem, in that this had been allowed to happen. The religious policies sparked off discontent among the non-Burman ethnic groups. Many cultural and literary organizations that emerged during the 1950s for promoting and protecting minority cultures became the backbone of armed organizations.

While the central part of Myanmar enjoys religious freedom, there has been discrimination against Christians and Muslims in minority regions. The ethnic minorities see the construction of Buddhist structures in their areas and restrictions on construction of new
challenges the state’s ideology by consolidating their identities. Language has been the symbol used for the mobilisation of a counter ideology of ethnic assertion. However, the choice of Urdu over other languages at that critical juncture was a wise decision as Urdu was considered as no body’s language but everybody’s language. In addition, the choice of Urdu was politically a correct decision as Urdu was linked with the growth of a separate Muslim identity in South Asia.

Myanmar represents a society deeply fragmented along ethnic lines. The census of 1931 listed 126 languages and dialects. While one survey has claimed 242 different languages and dialects, another source claims 172 communities. Myanmar has been labelled “complex-complex” because of its diverse ethnographic landscape. The initial policy of the Burmese government was to use local language as the medium of instruction until class four, making English a compulsory subject after 5th grade and Burmese at higher levels. However, in 1955, it was decided that the matriculation examination could only be taken in Burmese. In 1959, the speaker of the Chamber of Deputies cautioned the members about excessive use of English words and phrases. Sanctioned as the official language in the constitution, Burmese is the only language allowed in the Union Parliament. Further, legislations originally promulgated in English have been translated into Burmese, and the new legislations have been nationalised to secure power and resources. There are at least 69 dialects in Pakistan as per a survey of the existing linguistic communities in 2003. These separate languages/dialects have given rise to distinct nationalistic literatures. The major languages like Sindhi, Punjabi, Saraiki, Brahui, Baluchi, Pushtu and Hindko have sought to depict separate national consciousneses throughout history. Some of the major language-based ethnic movements in Pakistan’s short history include the Bengali Language movement of 1948-52 in former East Pakistan, riots between the Urdu-speaking Mohajirs and the Sindhi speakers in Sind Province in 1971 and 1972 and the tension between Mohajirs and Sindhis since the mid-1980s. Pakistan’s One Unit Plan subsumed all the linguistic groups within the Western Wing into one Punjabi-dominated unit. The non-recognition of the provincial languages of Western Pakistan contributed to this alienation. Pakistan’s subsequent inability to manage linguistic groups is due to the lack of linguistic consociationalism. In 1973, Pakistan’s rewritten constitution permitted provincial languages. In the 1980s, the Punjabi dominance of the state has hindered national integration. In spite of the fact that the Punjabi elite have advocated Urdu as the lingua franca of Pakistan, there is a strong passion among Punjabi speaking people for the Punjabi language. In fact, the advocates of Punjabi language demanded for recognition of Punjabi as an official language in 1954, and in 1969 when Punjabi language was recognised. The ethnic minorities have resented the power and status that has been given to Urdu and English, which favoured the westernised elites. Higher jobs are reserved for those who are fluent in English. If one can write in Urdu only, one can get lower jobs in all the provinces of Pakistan. One cannot get even a clerical job, if one cannot write in Urdu and English except in Sind and other parts of the Pashto-speaking region where the local pride is strong enough to counter Urdu. The ethnic groups thus challenged the state’s ideology by consolidating their identities. Language has been the symbol used for the mobilisation of a counter ideology of ethnic assertion. However, the choice of Urdu over other languages at that critical juncture was a wise decision as Urdu was considered as no body’s language but everybody’s language. In addition, the choice of Urdu was politically a correct decision as Urdu was linked with the growth of a separate Muslim identity in South Asia.

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Language

Many scholars have documented the importance of language in shaping ethnic relations in multi-ethnic societies of Asia. Various studies have shown that successful government policies establish either a politically neutral language, thereby limiting the likelihood, that one ethnic group will secure unfair advantage or multiple ethnic-based languages, where no ethnic or otherwise politically neutral language exists. By contrast, Pakistan and Myanmar sustained language as a tool for discrimination against ethnic nationalities to the detriment of political stability and integration. Known as "a cradle of languages and cultures", Pakistan perceived linguistic identities as being antithetical to a pan-Muslim identity and did not take into account the increased salience of these identities. Language controversy in Pakistan began with the promulgation of Urdu spoken by about 3.5 per cent of the total population as the national language in place of English spoken by about 54.5 per cent of the total population of Pakistan. This has created a sense of neglect in the minds of the Bengalis who were numerically in a very strong position in Pakistan. However, the fact is that Urdu was a part of the ideology of Muslim separatism in India and was later projected as a major symbol of national integration in the new country of Pakistan. This created a sense of neglect in the minds of the Bengalis who were numerically in a very strong position in Pakistan. However, the fact is that Urdu was a part of the ideology of Muslim separatism in India and was later projected as a major symbol of national integration in the new country of Pakistan. Indeed, Urdu came to be associated with the hegemony of the centre in Pakistan. The state’s ideology of using Islam and Urdu, as symbols of Pakistani identity and national integration did not change even after the loss of East Pakistan. Urdu plays an important role in the formation of ethnic identities as they used language to define their identities and further their ideological claims when different ethnic nationalities compete for power and resources. There are at least 69 dialects in Pakistan as per a survey of the existing linguistic communities in 2003. These separate languages/dialects have given rise to distinct nationalistic literatures. The major languages like Sindhi, Punjabi, Saraiki, Brahui, Baluchi, Pushtu and Hindko have sought to depict separate national consciousneses throughout history. Some of the major language-based ethnic movements in Pakistan’s short history include the Bengali Language movement of 1948-52 in former East Pakistan, riots between the Urdu-speaking Mohajirs and the Sindhi speakers in Sind Province in 1971 and 1972 and the tension between Mohajirs and Sindhis since the mid-1980s. Pakistan’s One Unit Plan subsumed all the linguistic groups within the Western Wing into one Punjabi-dominated unit. The non-recognition of the provincial languages of Western Pakistan contributed to this alienation. Pakistan’s subsequent inability to manage linguistic groups is due to the lack of linguistic consociationalism. In 1973, Pakistan’s rewritten constitution permitted provincial languages. In the 1980s, the Punjabi dominance of the state has hindered national integration. In spite of the fact that the Punjabi elite have advocated Urdu as the lingua franca of Pakistan, there is a strong passion among Punjabi speaking people for the Punjabi language. In fact, the advocates of Punjabi language demanded for recognition of Punjabi as an official language in 1954, and in 1969 when Punjabi language was recognised. The ethnic minorities have resented the power and status that has been given to Urdu and English, which favoured the westernised elites. Higher jobs are reserved for those who are fluent in English. If one can write in Urdu only, one can get lower jobs in all the provinces of Pakistan. One cannot get even a clerical job, if one cannot write in Urdu and English except in Sind and other parts of the Pashto-speaking region where the local pride is strong enough to counter Urdu. The ethnic groups thus challenged the state’s ideology by consolidating their identities. Language has been the symbol used for the mobilisation of a counter ideology of ethnic assertion. However, the choice of Urdu over other languages at that critical juncture was a wise decision as Urdu was considered as no body’s language but everybody’s language. In addition, the choice of Urdu was politically a correct decision as Urdu was linked with the growth of a separate Muslim identity in South Asia.

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promulgated in Burmese. Consequently, other non-Burman languages have been relegated to home use. While there had been 12 daily newspapers in minority languages in 1962, there was none by 1988. The Mon language, whose alphabet was borrowed by the Burmans, is forbidden to be taught in schools. In addition, throughout the colonial period and until 1981 Monks could sit for the Pali exam in Mon, but now Burmese is the only language permitted. Ethnic minority communities view the banning of minority languages as a deliberate policy to deprive them of their birthright to teaching their own languages and literature. The situation has improved in recent years, as there is more tolerance at the local level for ethnic minority languages. Most of the cease-fire armed groups have set up their own schools teaching in their own language. The 194-page draft constitution is only available in Burmese and English languages, and has not been translated into any of the languages spoken by ethnic minority groups.

Thus, language that is intimately related to power and ideology has been one of the sources of conflict both in Pakistan and in Myanmar.

**Historiography and Curriculum**

The many crises that Pakistan has experienced since it came into existence also have an impact on history writing in the nation. In Pakistan, historiography has developed under the framework of ‘Pakistan Ideology’, based on the idea of a separate Muslim nationhood. Indeed, historians have been told to construct the history of Pakistan within this framework. In the process, objectivity is sacrificed and facts too are manipulated to justify the acts of political leadership. As Michal W Apple poses the question: What does ideology do for the people who have it? He answers that it “distorts one’s picture of social reality and serves the interest of the dominant classes in the society”.

In Pakistan, historiography has developed on the idea of a separate Muslim state in Baluchistan not to accede to Pakistan in not mentioned in the school textbooks. Any attempt to assert the historical identity of a region is discouraged, which affects the non-Muslim religious minorities, who are excluded from the mainstream history. Pakistani historiography tries to homogenise culture, traditions, social and religious life of the people to suit the political attempts towards political centralization.

In Myanmar, a highly Burmanised and doctrinaire curriculum in which any expression of minority cultures is denied have replaced the multi-cultural system of education envisaged by Aung San and ethnic minority leaders in the 1947 constitution. In addition, at the universities, no efforts have been made to study the languages, art, and culture of the non-Burman nationalities. In government-controlled areas, there is no official teaching or research in any minority language in either secondary or tertiary education. Such discrimination is not only a major impediment to the survival and expression of minority languages and cultures, but it also discriminates against ethnic minority citizens who first have to learn Burmese as the only language for education and government job. Since 1988, the government has transliterated many other geographic or ethnic words, which are unfamiliar or politically sensitive to many ethnic groups. The curriculum at universities in minority states remains heavily Burmanised. A theory of the ‘Burmese family of races’ sharing one blood and historic origin has been developed. Most ethnic groups reject such interpretations of Burma’s history. Some ethnic minority writers and teachers who oppose government restrictions or encourage expressions of cultural identity and the use of their own languages have been arrested. The change of name from Burma to Myanmar without debates and referendum was meaningful only to the majority Burmans. Similarly, the politics of cease-fires with ethnic insurgent groups and the national referendum of May 10 2008 are nothing but policies to legitimise the Burman dominated military regime.

**Burmanisation and Punjabisation**

Political philosophers have long identified the cultural arrogance of an ethnic majority as the most serious of issues confronting multi-ethnic countries. Burmanisation programme that ignores the none-Burman ethnic cultures is another form of Burman ethnic nationalism. It is a clear indication of cultural as well as military hegemony of the Burmans. Burmanisation and Burmese way to socialism is an inward looking ideology, as it not only cut itself off from the rest of the world, but also led to economic stagnation. Burma, one of Southeast Asia’s leading economies prior to military rule is now one of the poorest countries in the world. The open discrimination against ethnic minority groups in matters of culture, education, language and religion is the most disturbing evidence of a long-term policy of ‘Burmanisation’ carried out by all governments since independence. The ethnic groups of Myanmar have viewed the process of ‘Burmanisation’ as Burman colonialism and as a result, they never become an entrenched part of society. The idiosyncratic ‘Burmese Way to Socialism’ swiftly proved a recipe for disaster. In many parts of the country, the traditional economy has broken down due to mismanagement, corruption, the civil war and international isolation. Nationalism can be a disintegrative as well as an integrative force. Myanmar with its highly centralised state structure often referred to as Burmese ‘garrison nationalism’ acts as a disintegrative force as the Burman nationalism is based on one language, one religion and one culture. The Myanmar state has been concentrating on uniting the country as one single state at the expense of the rights of minority ethnic groups. The over-emphasis on national identity and misinterpretation of federalism as ‘disintegration of the union’ in the post-independence period fueled greater ethnic
unrest and insurgency. The ethnic minority crisis will continue to be one of the most central issues facing Myanmar as several ethnic groups are found on both sides of its 4,016-mile-long land border. Cross-border political movements represent the Kuki-Chin-Mizo and Naga living in Indo-Myanmar border. There are Kachin, Wa and Shan in China; Karen, Mon and Shan in Thailand; Rakhine and Rohingya Muslims in Bangladesh. The Lahu, Akha and Lao are even divided across four modern-day borders, being split between Burma, China, Laos and Thailand. The importance of inter-ethnic ties and its consequences on Myanmar should not be underestimated.

In Pakistan, the Punjabis who occupied strategic positions in the country’s bureaucratic and military systems manipulated political, economic and social policies in order to maximise their influence and power. However, they could not “Islamicise” other ethnic groups because they are already Muslims. What they could only try was to “Pakistanise” them, which in reality meant to “Punjabis” them. The other ethnic groups viewed this policy as Punjabi “colonialism”. The ‘One Unit Scheme’ aimed at uniting the non-Bengali population of West Pakistan as “one unit” socially, culturally and politically to “Pakistanise” them. The other ethnic groups viewed this policy as Punjabi “colonialism”. The ‘One Unit Scheme’ aimed at uniting the non-Bengali population of West Pakistan as “one unit” socially, culturally and politically to counter the perceived threat of Bengali dominance in 1953 brought about another identity crisis in Pakistan. While in East Pakistan, it was taken as an attempt to reduce its majority status, the merged parts of West Pakistan felt that their individual identities endangered. Thus, while Pashtuns (Pathan), Sindhis and Baluchis (Baloch) were apprehensive of Punjabi domination, externally it created a new wave of tension between Pakistan and Afghanistan. The smaller provinces accused Punjab of becoming a symbol of tyranny and oppression. The movements for Sindhu Desh (independent Sind), independent Baluchistan and Pushktanistan began against this backdrop in the 1950s and 1960s. The prevention of anti-National Activities Act of 1974 made it a crime for a Pashtun, Sindhi, or Baluchi to label publicly himself such. The more it has sought to suppress such identities, the more they have resurfaced with indomitable zeal and enthusiasm. The visible domination of the bureaucracy and military by the Punjabis has provided the logic for assertion of other regional identities. Thus, competition for power sharing between the numerically preponderant Bengalis and the rest of the Pakistanis led to the consolidation of the Bengali ethno-linguistic identity, which culminated in the division of Pakistan in 1971.

Burmanisation and Punjabiisation not only raised grave doubts about the neutrality of the military but also posed serious questions regarding their legitimacy to exercise absolute political power. Whenever, the army intervenes, its own predominantly Punjabi and Burman ethnic linkage sensitised other ethnic groups. The military in both the countries sees itself as the ‘central institution of the state, and protector of the nation’s independence. In the process, other ethnic groups have regarded the policies of Pakistan and Myanmar as another version of internal colonialism and defined their identities that hardened ethnic divisions. Considered by many as inward looking ideologies, Burmanisation and Punjabiisation have failed to transform Pakistan and Myanmar into more modern, market-oriented, and productive society. The postcolonial states of Pakistan and Myanmar represent a vivid example of ‘weak states, strong societies’; where central government has been unable to impose its will, except by the use of force to protect ‘non-disintegration of the Union’, and the ‘non-disintegration of national solidarity’. The issue is whether democratically elected governments in Myanmar and Pakistan could make transition to what Charles Taylor calls a ‘politics of equal recognition’. The current understanding of nationalism by Myanmar and Pakistan hardly fits the mould of multicultural and religiously pluralist states. The ethnocentric bases for government policies, reinforced by assimilation and centralization have promoted the perception among minority ethnic groups that the independent states of Pakistan and Myanmar are mono-ethnic in composition and ideology.

Concluding Remarks

The ethnic identities that became politicised during colonial period and nationalist movement continue to play significant role in the politics of modern Myanmar and Pakistan. Ethnicity (covering a multiplicity of elements such as race, culture, religion, heritage, history, languages and so on) continues to play a central role both in Pakistan and in Myanmar politics as in the past. The politicisation of ethnicity resulted in widening the socio-economic gaps, power disparities, competition for control of territory. Majority of the ethnic groups felt that there is no respect for non-Burman and non-Punjabi cultures, languages, and political aspirations. The impressive and unique diversity capable of contributing to the enrichment of composite culture has been the main source of conflict and a fundamental and intractable obstacle to peace and development in both Myanmar and Pakistan. The multiple and culturally rich ethnic identities are in conflict with not only the states of Burma and Pakistan but also with each other. However, the underlying current of all the ethnic movements in both the countries is that of wide spread dissatisfaction with the existing set up and a deep urge for recognition of their identity, autonomy and freedom.

The importance of ethnicity in fuelling conflict in Myanmar has been recognised. The UN General Assembly since 1994 has called for a tripartite dialogue between the military regime, the National League for Democracy (NLD) and ethnic minority groups. Yet, unlike other two forces, the ethnic minorities lack a unified organisational structure. The issue of ethnic-based states is complex and multi-faceted in Burma since most of the states and divisions in Burma have become multipoliticised states. One particular ethnic nationality will be in majority and will be home to other ethnic groups as the creation of states for each ethnic group is an uphill task. Further, there are conflicting views about the collective names for some subgroups as many ethnic groups asserted their separate identities. It is very difficult to estimate the total numbers of the ethnic nationalities and sub-nationalities. There is no pan ethnic body, and several groups are represented by more than one organization. Thus, the clan-based loyalty combined with complex pattern of distribution make efforts to delimit a nationality group area difficult. Additionally, the politics of ceasefire movement, strategic differences, clashes among armed groups for control over territory and resources are likely to make cooperation among ethnic minority organisations difficult. The development of ethnocentric identities
divides the minorities from each other. Despite differences and divergent goals, the ethnic minorities share many grievances and aspirations. Majority ethnic groups seem to have accepted the reality of the Union of Myanmar. Peaceful coexistence can be achieved only through political dialogue and the national reconciliation, as well as the formation of genuine federal union based on the principles of equal opportunity, autonomy and sharing of natural resources. The challenge is to build a broadly inclusive, nationwide platform, open to all ethnic minority organisations regardless of goals, strategy, race and religion. There is a need for a comprehensive constitution to deal with ethnic diversity.

The search for an ideological basis has made Pakistan without a known ideology. Nation-building in multi-ethnic societies such as Pakistan has to go beyond Islamic symbols. The Islam-ethnicity-politics interface has shown that the force of centripetal Islamic appeal is offset by the centrifugal pulls of regional, ethnic and linguistic identities. The demand for recognition of Baluchi language and their opposition against Punjabi intrusion into Baluchistan, the Sindh resistance against the Punjabis and Mohajirs and the Seraikis are some of the challenges that confront Pakistan. The Islamic ideology used by the founding fathers of Pakistan as the only integrative determinant of national identity is rendered almost powerless in the face of contradictory forces. It complicates the process of nation building and contributes to the fragility of the ‘Pakistan’ nationhood. Pakistan needs to develop a tolerance for provincial demands and autonomy to accommodate rather than try to assimilate the diverse ethnic identities.

The single-minded focus on unseating military regimes and restoration of democracy is likely to be politically counterproductive for the minority ethnic groups. There is no guarantee that the other decades-old ethnic issues will disappear automatically. Thus, nation building in Myanmar and Pakistan requires, among others, the recognition of ethnic diversity, as these states are not monocultural but multi-cultural and multi-racial. The road map to peace, unlike in the past, should be an all-inclusive in which all the ethnic nationalities should be involved as equal players. So long as the ethnic identities of the minority groups remain unresolved, determined ethnic movements will continue to threaten the national identity of both the countries. The parties to the conflict must enter into a process of cross-cultural dialogue and widespread democratic reform, greater autonomy and sharing of natural resources.

References/Endnotes
6. The terms ‘Myanmar’ and ‘Burma’ are used interchangeably throughout this paper without attaching any political significance to the use of the term.
7. The pre-colonial states of Southeast Asia have been described as ethnic empires and not nation-states.
11. This was in complete contrast to the prevailing feudal powers under the 1947 constitution of Myanmar, which was hardly defined in terms of ethnicity.
12. The Burman nationalists regarded Christianity as one of the divisive elements.
18. The issue of amalgamating the hill areas of Burma and India was discussed at the meeting of the Committee on Scheduled Areas between 5 and 11 December 1942. While C.W.North argued in support of implementing the plan, other four members were not in favour of it. By the middle of 1946, the plan was wound up.
19. The slogan particularly in the elections of 1946 was ‘Pakistan ka matlab kiya: la ilaha Illala’ (What is the true meaning of Pakistan: surely there is no God but Almighty alone).
24. Silverstein, Josef (1960): The Struggle for National Unity in the Union of Burma, Cornell University, P.36
28. Many Pakistani historians have admitted that this policy was wrongly adapted. For details, see,


41. Nicholas Tarling (1998): op.cit. p.75

42. Brown, David (1996): Reconstructing Ethnic Politics in Southeast Asia, Western Australia: Asia Research Centre on Social, Political and Economic Change, Murdoch University, p.4

43. Afghanistan used the Pushtunistan card to bolster the integrity of Afghanistan by emphasising the loss of historical territories and the deprived rights of Pakistani Pushtuns and Baluchis (Balouchi). Kabul published more than fifty-nine books in Pashtu on different aspects of Pushtunistan.

44. The military action against the Baluchis for openly opposing the unitisation policy hardened their sentiments.

45. The Pushtun nationalists gave primacy to a Pashtun identity over a Muslim or a Pakistani. If it is so, how can we connect the two, for if we fail to do that we might end up with being compelled to admit that political philosophy as political knowledge is totally useless; and historians, who claim to be concerned only with particulars, will gain an upper hand in the debate with philosophers. At the bottom of the political clashes between liberals and conservatives is to be attributed, by and large, to the problem whether government and governing can be limited by rational means like institutions and norms, or, as conservative realists often voice, the fundamentals of wielding power always remain the same, i.e.

381

Ethnicity and Ethnic Policies in Pakistan and Myanmar

Between Wisdom and Knowledge: The Politics of Creativity in a Post-Communist World: Tilo Schabert’s ‘Boston Politics’ Today

András Lánczi

Abstract

Does power building differ under the conditions of different forms of government? Or is Tilo Schabert right in his ‘Boston Politics’ when he argues that there are princely figures in politics that „appear at all times and all places”, and the prince is not just „one politician among many”? According to Schabert the princes are more creative than other politicians, what is more, it is creativity that governs and not the government. This paper examines the central idea of Schabert’s thesis in a post-communist world making use of the classical distinction between political wisdom and practical political knowledge. The author also analyses Plutarch’s view of the statesman, the characteristics of a Machiavellian prince, and the newly emerged conditions of governing in the post-communist world with special emphasis on the Russian democracy that is based on the seeming paradox that a government may exist in order to not to govern.

Key Words: Creativity, Political Knowledge, Power, Machiavellism, Post-Communism

Statement of the Problem

The key to understanding the nature of government is to be found in the old debate between realists and political utopians of many kind. This controversy has several fields including the epistemological issues of political knowledge, the disagreements between philosophers and historians, and the political controversies of liberals with conservatives. As for the status of political knowledge, the first systematic treatment of the subject goes back to Plato and Aristotle. What is the difference between political philosophy or wisdom and practical wisdom? Is it that the first deals with universals and the latter one with the particulars? If it is so, how can we connect the two, for if we fail to do that we might end up with being compelled to admit that political philosophy as political knowledge is totally useless; and historians, who claim to be concerned only with particulars, will gain an upper hand in the debate with philosophers.

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due to man’s ambiguous nature, the rules of wielding power do not change. This realistic approach has a long history starting with ancient historians esp. Thucydides or Livy, conceptualized forcefully by Machiavelli, Machiavellian ideas partly taken up by Thomas Hobbes, and the realistic view refashioned by Carl Schmitt among others. On the other hand we have those political utopians like Plato, Locke, Rousseau or John Rawls who thought that political power can be tamed, and by means of justifying institutions man could change the character of politics. By the formal end of communism, we all live in a post-communist world, which may have brought about a new situation with regard to the understanding of what government is. The failure of the communist experience, however, has not discredited the different representatives of modern gnosticism. Just the opposite has occurred: the mainstream intellectual trend in a post-communist world has been nurtured by different forms of gnosticism producing a post-post-modern mind that is characterized by a historical determinism, also called ‘progress’ entailing a cultural self-hatred, a hostility towards every form of ‘substantialism’ or ‘essentialism’ thus creating a limitless space for relativity, and a scientific arrogance against faith. The idea of government today is more about institutions and procedures than about individuals who run them, thus the actual structure and working of power have been overshadowed by an ideology of democracy that produces types of democracies as variants of the ideal type of democracy, and tacitly contrasts democracy and authoritarian regime as if the distinction would be absolute. The reason for this is the neglect of political realism with the creative politicians in focus. In his seminal work “Boston Politics” and elsewhere Tilo Schabert has been suggesting that in all regimes we have politicians who are ‘princes’, who “represent in one person the classical features of political leadership, or to use a classical term, statecraft”. The princely figures are a type which has “appeared at all times and all places”, and certainly is not just “one politician among many”. The princes have common features without copying each other or knowing about each other, and what they are in common is that “they produce, in a general enactment of forms, the form that is enacted by their own conduct of government”. It means that a prince is an originator or creator, an artist whose work cannot be repeated or copied – the prince himself is a form that produces unlimited number of variations of government. Tilo Schabert states that “governing is creativity”, and even goes as far as to declare that “The creativity governs, not the government.” By saying this, he challenges the contemporary mainstream idea of government that is focused on the institutionalized approach to government, and praises the procedure of governing by establishing a set of rules of “good governance”. Contrary to general expectations, I assume that the focus on creativity and accordingly on the political agent has increased due to the rise of the concept of modern legitimacy of rule. Because of the indispensability of legitimacy of wielding power under modern conditions, postcommunist world has just to face the split between the conditions of government and the goals of government – this is a fundamental difference between classical and modern practice of government. By classical standards the conditions and goals of government coincided, under modern conditions the gap between the two could be widened to an absurd degree: a country can be run for good many months without a government (Belgium in 2007), or government can be used for the purpose of not to govern – i.e. government is just an excuse to pursue personal or private group interests like in Russia. The split is made possible on the basis of the modern split between political wisdom and practical wisdom, already discussed by first philosophers on the politeia.

In what follows I wish to contribute to the understanding of government by contrasting political wisdom and political (practical) knowledge with the help of the concept of creativity after the formal fall of communism. I argue that postcommunist world has been dominated by gnosticism more than ever which might be a sigh that in formal or illiberal democracies authoritarian processes and governing may flourish without openly challenging the idea of democracy. Democracy has become an ideology that is a concentration of all previous gnostic movements as it was elaborated by Eric Voegelin. I also claim that the split between logic and rhetorics is a sign that rhetorics and logic has made the natural difference, observed by Aristotle, between political wisdom and practical wisdom an antagonism. As a result, the realist approach to what is political has been sidelined by normative or utopian approaches that mistake the political for the general social character of man’s existence. The realist approach would be concerned with acquisition as man’s urge in politics, and the normative or utopian would focus on the possible and the institutions that override all personal. The question still holds: who, and not what, governs?

In order to understand why political knowledge and political wisdom have become an antagonism in terms of governing, we need to distinguish between acting and making. Let us take a look at the ancient concept of the statesman who was supposed to unite political wisdom and practical political knowledge. When Plutarch wrote his Parallel Lives, he did not mean to describe how a city or an empire should be governed. What he knew was that cities and empires are run by great men, and greatness depends on the acquisition and practice of moral and intellectual virtues. He also knew that it is deeds rather than words that make a man great. He was also convinced that deeds and their consequences can be compared on the basis of the political effectiveness of political deeds. It is man who governs, and not the gods or institutions. He could draw a parallel between Pericles, who “presided in his commonwealth when it was in its most flourishing and opulent condition, great and growing in power”, and Fabius, “who undertook the government in the worst and most difficult times, was not to preserve and maintain the well-established felicity of a prosperous state, but to raise and uphold a sinking and ruinous commonwealth” (Plutarch 2001: Comparison of Fabius and Pericles). And Plutarch did not find his comparison upon considerations of the differences of forms of state – it is man and not the type of political regime that produces differences in political effectiveness. In sharp contrast to antiquity, the modern perception of political greatness and weakness is blurred by institutions like the constitution, human rights, checks and balances, and by seemingly impersonal and routine-like procedures. Modern conception of...
governing apparently diminishes the role of the agent, and enhances the impact of political mechanisms. According to Plutarch, following the Aristotelian categorization of the regimes or forms of government, it is not the number of those wielding power who decide which form of state is superior, but the quality of government. He only distinguishes between tyrants and statesmen who observe the laws. Plutarch does not really deal with the people which can be "distempered", "violent" and "fiery" but the main characteristic of it is that:

“A people always minds its rulers best when it is neither humoured nor oppressed.” (Plutarch 2001: The Comparison of Poplicola with Solon)

Plutarch’s view on government ultimately rests on wisdom. We know by Aristotle that “the soul possesses truth by way of affirmation or denial are five in number, i.e. art (techne), scientific knowledge (episteme), practical wisdom (phronesis), philosophic wisdom (sophia), intuitive reason (nous)” (Nicomachean Ethics, Book VI., 1139b) Because Aristotle wants to explain what he means by each of these intellectual virtues, he demonstrates “practical wisdom” by saying "that we think Pericles and men like him have practical wisdom, viz. because they can see what is good for themselves and what is good for men in general; we consider that those can do this who are good at managing households or states.” Thus government is a kind of management. According to Plutarch a noble act combines “the highest valour, wisdom, and humanity” just with respect to the comparison of Pericles with Fabius. As a result we can not say that Plutarch favored “art” in matters of managing a state, instead he preferred “practical wisdom”. Aristotle is clear about the difference between practical wisdom and art when he writes that “practical wisdom is a virtue and not an art”, although it is common in both that “art and practical wisdom deal with things that are variable”. Definition of art is based on “things made” and “things done” because “making and acting are different”, and “art”, like architecture, “is identical with a state of capacity to make, involving a true course of reasoning. All art is concerned with coming into being, i.e. with contriving and considering how something may come into being which is capable of either being or not being, and whose origin is in the maker and not in the thing made; art is concerned neither with things that are, or come into being, by necessity, nor with things that do so in accordance with nature (since these have their origin in themselves). Making and acting being different, art must be a matter of making, not of acting.” Thus making implies creating something that has not yet existed and there is no necessity to exist in the future.

But politics is concerned with action, for “Political wisdom and practical wisdom are the same state of mind, but their essence is not the same. Of the wisdom concerned with the city, the practical wisdom which plays a controlling part is legislative wisdom, while that which is related to this as particulars to their universal is known by the general name ‘political wisdom’; this has to do with action and deliberation, for a decree is a thing to be carried out in the form of an individual act. This is why the exponents of this art are alone said to ‘take part in politics’; for these alone ‘do things’ as manual labourers ‘do things’.” So Aristotle seems to exclude creativity from politics since it has to do with action and deliberation. But the last sentence connects the two, the acting and the making. Why are acting and making connected? Because practical wisdom “concerned with the ultimate particular fact” which is emphatically repeated by Aristotle (1141b-1142a). A politician acts individually but in accordance with practical wisdom that is concerned not only with universals but “it must also recognize the particulars; for it is practical, and practice is concerned with particulars”. But how can one connect the universals with the particulars? Only through reasoned action, i.e. a politician should “do things” as “manual labourers” do. What the does do is nothing else than creation – they create things that have not existed before. The difference between acting and making is not absolute, though the form of connection between them may assume several forms. Reasoned action was the old advice. In modernity, however, a new solution was put forward by Hegel, for instance, who recommended that the natural distinction between acting and making could be overcome by “history” that can unite thinking and acting, acting and making, the what is and the what ought to be. His suggestion has remained dominant until today.

“The creativity governs, not the government”

One of the most relevant issues about political action is whether Machiavelli described the ideal type of a prince or he went into excesses, thus the force of his teaching should be mitigated as it was suggested by Harvey C. Mansfield in his book on Machiavelli: “With our hindsight from liberal constitutionalism, Machiavelli seems to have gone too far. His statements ring true but his conclusions seem exaggerated, and we fail to take him seriously. We would like to believe that his insights can be retained and his extremism discarded, that his notion of esecuzione can be absorbed into modern liberal constitution without the tyrannical requirement of uno solo that may give us a shiver or merely quaint.” (Mansfield 1996:314.) But what if Machiavelli’s “extremism” is just the core or originality of his teaching? If “discarded”, what remains? Mansfield seems to believe that constitutionalism is the remedy for the Machiavellian extremism. If it is true, then modern princes’ power should remain within constitutional arrangements, i.e. the prince’s scope of creativity is limited seriously. But what if constitutionalism does not really curtail modern leaders’ sphere of action? What if, except of life-long domination, modern leaders use new means but their actions do not differ from any “uno solo” leadership? And modern leaders can do the same, again, in a limited amount of time, what classical rulers did for as long as fate allowed them to do it? I wish to argue that with the extension of democratic institutionalism worldwide, the strict borderline between constitutionalism and uno solo leadership or princedom governing has always been flexible and superficial, and what Tilo Schabert discovered by combining the universal political wisdom with the practical wisdom of the particulars in his Boston Politics, is a strong case for the problematic opposition of the forms of government and the art of politics. If Schabert is right, then not only the classical prince should be reinvented but the classical distinction of the Aristotelian regime typology that is more realistic in terms of what we can call “the best regime”. Or at least the distinction between republics and principalities voiced by Machiavelli ought to
be taken into account again. If the prince is an eternal type of government, we should also consider Carl Schmitt’s concept of decisionism – there is always someone who decides things, and the act of deciding is governing itself. I cannot see why we would regard liberal democracy sharply contrasted with other forms of government – the boundaries are never absolutely fixed in politics.

What makes a prince according to Machiavelli? It is having power to execute. Power to execute needs virtue that is hailed by him as Roman virtue to be identified in politics and war. Therefore Machiavellian virtue is the highest value of practical wisdom and could be studied by observing human deeds. But virtue is nothing in itself; “it must be for the sake of something else; its end is acquisition”. (Mansfield 1996:13) Acquisition is made mandatory because of necessity: “Necessity means the necessity to acquire; so men cognizant of necessity must devote themselves to acquisition.” (Mansfield 1996:15)

But what is this necessity? Machiavelli says that man has a natural desire to acquire. As a consequence necessity is also “natural” and “ordinary”. (Machiavelli 1998:8.) Necessity cannot be reduced to one particular thing, since it is a natural condition of one’s preserving power. Machiavelli’s “necessity” serves as a deterministic purpose, the concept of “necessity” paves the way for later thinkers’ fundamental teaching about self-preservation. The famous tenet about the unsurmountable distance between what is and what ought to be (Machiavelli 1998:Ch. 15.), led Machiavelli to study the minimum conditions of power. Eric Voegelin has a point here to add that “who strives to be good must perish among the many who are not good. Hence a prince must do the good or leave it, according to the dictate of necessity (necessità)”. (Voegelin 1998:78)

There are two ways of fighting the dilemma that arises out of the tension between the one and the many: the many is unable to discern what is good, so the prince should be aware of this necessity, and very often, instead of using the laws, he must resort to force which is beastly, but unavoidable for the prince to preserve his power, i.e. to be successful.

Otherwise the prince is a creator, he can “create a state” (Machiavelli 1998:20), what is more, he can create a new order. That anyone can be creative is a modern phenomenon, what is more, it has become part of the democratic ideology. (6) The Greeks thought that only a poet can be creative, i.e. the poet can make a brand new thing, the artists simply imitated reality. The Romans had their own word for it (creatio) but it did not have political meaning until Cicero who already flirted with the idea of the statesman being creative. To a large extent Machiavelli became the initiator of modernity because he gave a political meaning to the concept of creation: a politician can also be a creator, and he should be so under certain circumstances. If the changes of time that lift and drop anyone, the most urgent need is to create conditions under which someone can ensure the desired outcome, or at least he can try to control fate or fortune. Accordingly in a world where traditions are no longer binding, creation is not optional but mandatory. It is true for all walks of modern life with special emphasis on politics despite the contradiction that if modern man wants to ensure the outcome, he must rely upon institutions which, due to their internal logic, would easily degenerate into a spiritless bureaucracy, or get corrupted. But institutions are inert in themselves, it is always creation or making that breathe life into them. Governing can be likened to the activity of a physician or a shepherd or a captain of a boat, but such metaphors fail to capture what that activity is what we call governing. Government is empty without creation, and to make things worse, no institutional or constitutional frameworks could change the character of leadership. Even in constitutional orders, including democracies, there is no pattern that could be followed or imitated. A leader is always desperately alone and cannot avoid to create if he wants to preserve his position and power, i.e. to acquire. The Problem of Political Knowledge: Universal vs. Particular

One of the oldest problems of political knowledge is how to bridge the gap between the universal and the particular. Political realism would dictate that all we can know about politics is description of past political events (history is but the politics of the past) and all generalization is useless, although “political controversy has a natural tendency to express itself in universal terms”, because “a man who defends democracy in Athens cannot help using arguments in favor of democracy as such”. (Strauss 1989:55) It seems also an unshakeable truth that today’s political science still does not want to deal with the question of the best political order. Strauss’s words are still relevant: “The most striking difference between classical political philosophy and present day political science is that the latter is no longer concerned at all with what was the guiding question for the former: the question of the best political order.” (Ibid.:50) For ancient thinkers the difference was to be studied between political wisdom and practical wisdom, the moderns, esp. from the late 20th century on, having found ‘the’ best political order, called modern democracy, feel justified not to bother about questions of the ‘best political order’. There is no need for political wisdom either. The fundamental mistake is committed in the way they handle political knowledge. Having been satisfied with democracy, they believe that everything can be managed with the practical knowledge of managers. Things should be managed not to be judged – Lenin did actually also believed that. Democracy has also evolved into an ideology that favors the faithful and eliminates the renegades. If democracy is the best form of government than the critics of it should be cherished and not suppressed. The best order cannot be executed because it is the quest of the best order that saves us from ourselves and the actualization of the best regime – this is a universalization of a particular experience, the Western experience, which may and may not be good. A regime is good as long as it can secure liberty for the individuals, whether it is democracy or another form of government, cannot be verified empirically. But looking at politics realistically, the natural tendency to acquire and to preserve cannot be changed by changing the form of government. Machiavelli’s prince the archetype of all able leaders, and only the democratic ideology wants us to depart from reality, and we fail to discern that institutions are run by persons. Democracy is never the work of the “people” but of the few individuals called the elite. This is why the issue of legitimacy can be raised with respect of all old and new – democracies of the world.

What a statesman knows about politics is a mixture of his personal experience,
successes and failures, of what he read and heard about politics. The maker or actor of politics, however, is not concerned with generalizing his experience – all he wants is to achieve success, accomplish his plans, and seek support for his deeds including justification for his deeds. In this respect I agree with Tilo Schabert that in “political science can be as objective, as ‘empirical’ and as ‘hard’ and experimental as the natural sciences. Strictly considered, political science is even more experimental than natural science because, to use Vico’s words, the “political world surely was made by men, and its principles therefore can be found in the constructive life of our human mind”. (Schabert 2005:235) Schabert is a stubborn realist this is why he seems to be resistant to all sort of ideology including the ideology of democracy. A political leader even in a democracy should have to be aware of the nature of power, otherwise he loses his position and his self-esteem. His ‘necessitá’ is to preserve himself with no concern with the aims of his power. A decision is never democratic, only in name, for it cannot be, because creation is always individual – the idea should be born first, the execution comes afterwards. It is very rare that the same idea is born in two or more different minds, but if yes, only one of them is regarded the first – and sometimes it is decided on the basis of power. The Hobbesian “might is right” can only be limited but the core of all power building is based on this idea going back to Plato’s treatment of the same subject in the Republic.

How serious the question is just further specified by the exchange between Voegelin and Arendt. Arendt writes in response to Voegelin: “Professor Voegelin and I are in agreement, my chief quarrel with the present state of the historical and political sciences is their growing incapacity for making distinctions.”(Arendt 1994:407) Lack of distinctions, an insight borrowed from Carl Schmitt’s On the Concept of the Political, is a sign of an overambitious effort to reduce reality to a method or a form of government that overlooks the natural features of politics, such as the nature of execution. Because of the modern needs of one’s legitimization, the nature of things is to be controlled by separating political entities from each other, e.g. separation of powers, as if in reality action could be separated from its own nature. Generalizations in the field of political science, which is a natural tendency, can have effect or relevance if the incessant interplay between acting and thinking is maintained by way of creativity. But one should not forget that even creativity is politicized, it is part of the political practice.

Modern conditions of power, or Plato, the manager in modernity government has tended to become a question of management as if power can be limited by rules of procedure. By the distinction of conditions of government, i.e. power building, and the goals of government, Tilo Schabert managed to pinpoint the secret of modern power – i.e. modern government has to face constant need for legitimacy in order to maintain the appearance of “democracy as ideology”, whereas the elite does what it pleases to do. If power building is the essence of government from the personal point of view, it does not deny the need to observe the actual changing conditions of power, the starting-point of which is chaos all the time and everywhere.

Chaos. The concept of chaos rightly plays a central role in Schabert’s argument for the idea that “creativity governs”. There are, however, two conflicting views about chaos in our culture. According to Greek authors, chaos preceded order, whereas the Christian account of order, at least the argument of creation which declares that existence is to be thanked to “creation ex deo”, strictly limits creation to God’s omniscient planning. The Greek ‘gaping void’ is described by Ovid as “a crude and indigested mass, a lifeless lump, unfashioned and unframed, of jarring seeds and justly Chaos named”(Metamorphoses, I.7), and gods being born out of this “lifeless lump” are the first symbols of order, though showing the elements of man’s proneness to dis tempered or disorderly behavior. And it is true that the Christian idea of “creatio ex nihilo” is very close to the Greek explanation of creation. Whatever is the first cause, chaos is only the initial stage in existence, and the moment man appeared on earth, his existence depended on the perception of order. But parallelly to forming symbols of order, man has been struggling with chaos. It is so because it is man who makes chaos and then realize that chaos exists. All creation follows natural laws except man who thinks that it is him who can create things, i.e. he is the creator of himself. It is him who enacts laws that he likes to consider similar to the force of natural laws. But the matter of fact is that man cannot follow the rules of his own imperfect laws, therefore he is the victim of his own utopianism, and another aftermath is that governing, which is concerned with particular things, cannot take place other than in a chaos that is produced by man. And he does it on purpose, Tilo Schabert writes: “If you steadily apply these methods [cf. footnote no. 7] you will erect a chaotic but powerful rule of which you will be the sole master.”(Schabert 1989:42) Chaos is needed to establish and preserve power. The question is if liberal conception of power, based on a contract and reconciliation of interests by negotiation, can offset the reality of power. Liberals probably err on the judgment of their own methods because they fail to distinguish between the conditions and the goals of power. These two can never be identified unless one thinks that legitimacy of power can be fully rationalized. What has been evolving in the modern age is a dichotomy of the goals and conditions of power. The tendency shows that the more depoliticized, i.e. made rational, politics is, the more efforts should be exerted to create conditions for preserving power. Chaos in a liberal or plural society is intentionally caused not only by those having the executive power, but all the political agents who are involved in democratic politics-making in contrast to the rational functioning of institutions. The more universal one’s claim to power is, the bigger chaos one has to face; and the bigger the chaos is, the more rules or elements of the modern executive would have to be used which is founded on the separation or liberation of the executive “from its clear subordination to law and its connection to justice”.(Mansfield 1996:302) John Rawls’s suggestion to replace justice by fairness is just an intellectual expression of the modern conditions. Modern executive has become more and more entangled in rational legitimizing of the conditions of power, whereas a never seen multiplication of executive goals have emerged in a postcommunist world, or as Schabert suggests, “The government has to be a government of as many committees as there are issues – currently, of course.”(Schabert
1989:232) The balance of the political and public policy has, seemingly, powerfully shifted from the previous to the latter, this is the reason for the proliferation of commissions, committees and the like do not look superfluous.

The scope of political action. It is noteworthy, however, to determine the scope of action of a politician. There is a gap between a statesman of antiquity and a politician of the modern age. The emphasis of political action in antiquity was more on foreign policy and war, whereas the modern politician should also have to focus upon public policy issues like education, health-care etc. The Roman state, for instance, had only a duty to collect taxes, field an army, maintain civil peace and administer justice for the wealthy and free citizens. J. E. Lendon writes: “The Roman Government did not undertake to provide food, housing, mass education, or any of the manifold social services taken for granted from modern governments.” (Lendon 1997: 2.)

A further difference in scope is that ancient statesmen looked upon the “people” as a chaotic mass. They did not want to change the character of the people, which would have been a sheer nonsense in their eyes, but had wanted to improve themselves. Plutarch is helpful again: “For as the hunter considers the whelp itself, the only necessity of the prince is not to improve his character but to learn how to calculate or predict the behavior of the people with the sole purpose of preserving power. Power is what it has always been. With the rise of the concept of the innocent and good man, suggested mainly by Rousseau, a route was opened up to ameliorate people by education and by establishing better institutions. People are good, counterbalancing the realist view of man by Machiavelli, only the politicians are morally bad. In institutions, especially in written constitutions, we can trust, as if although man himself cannot be perfected, but his products, the institutions could be. Thus the scope of government has shifted from the state to the institution, by which the relevance of action as such was diminished, or more precisely, concealed, and the procedures or mechanisms of government were highlighted suggesting that the intellectual core of governing is to be found in the workings of institutions. The secret of modern politics is how to hide the real conditions of power, if people had known them, they would completely refuse politics without being aware that what they get is perhaps better than what they would get if bare power would be put to show.

Media or creation of a virtual world. Another condition of the scope of political action, at least in the past few decades, is connected with the demands of mass media or political marketing. A successful politician should be able to use the media as part of his creative arsenal. What is striking with the media is not that is manipulative or more effective use of propaganda, but the intimacy of the politician’s face that is presented to everyone. Politicians of the old days kept a good distance to the people, and even if he had wanted to get as close as possible to the people, very few of them could see the face of a statesman. So it is not enough for a politician today to act according to the mirrors of a prince, but he has to be able to regulate his facial appearance and the whole language should serve the purpose of hiding bare power expressed by unintended metacommunicative means. And it is not just the TV, but all the relevant means that contribute to the building of a virtual reality of politics. Blogs are to be reckoned with, cameras or picture shooting devices are everywhere – the private life of a politician has so much shrunk that he does it good, if he does not show it. It is his duty not to make an image of it, but make an image of making use of real elements to create a virtual reality of his private life (cf. Pres. Sarkozy’s private life). Thus creativity and virtuality go hand in hand, and postcommunist reality is best described by the intended images created by the politician.

Feminism. Schahbert was already alert to the problem of feminism with respect to positive discrimination (cf. Schahbert 1989:228), but the full potential of this issue has evolved to a more status since the 1980s. Kevin White would be inclined to accept James Burnham’s insight in the middle of the 20th century, that “In the simplest terms, the theory of the managerial revolution asserts merely the following […] The conclusion of this period of transformation, to be expected in the comparatively near future, will find society organized through a quite different set of major economic, social, and political institutions and exhibiting quite different major social beliefs or ideologies. Within the new social structure a different social group or class – the managers – will be the dominant or ruling class.” (Burnham 1973:74) Burnham was right in perceiving that a new era of transformation would enhance the importance of managing the more and more complex of economic and social issues but he failed to notice that the conditions of using power require old and tried methods creatively applied to new circumstances – he also right to understand the nature of rule, that leaders are
Government in a Postcommunist World

What kind of an order is the postcommunist world? What are the symbols of this new world? Is it new at all? Schabert’s statement that “A human community exists through its government or it does not exist.” (Schabert 1989:266) cannot solve the problem of what he calls the paradox of creatio continua. In this sense the postcommunist world is not new. But it is not new in the sense of a new beginning either – because it is stricken by a practical paradox, a problem that requires “institutions: carriers of continuity” (Ibid:224).

But in the case of postcommunist change of regime, it is not the institutions but the politicians who are the carriers of continuity. Institutions were changed, including the constitutions, but communist politicians remained using new symbols and images; the moment it was possible, they became the creative carriers of a new regime. It was possible only because people were simply ignorant of what government is about, and what role politicians play with making institutions work. On a more general level people were dissatisfied with their communist regimes in so far they did not function like the ones in the West. Once postcommunists introduced Western symbols and images under the name of system change, democratization, and Westernization, the whole issue boiled down to a merely pragmatic problem: all we need is a new set of institutions. Ideologically controlled societies came under the ideology of a postcommunist amalgam of what Voegelin detected as the different forms of gnosticism: “By gnostic movements we mean such movements as progressivism, positivism, Marxism, psychoanalysis, fascism, and national socialism.” (Voegelin1968:83).

Each of these movements had either a political or an intellectual chance to implement its vision or exert an influence. Progressivism and positivism, hand in hand, dominated the 19th century, the other four had their momentum in the 20th century. Communism was the last and most characteristic of postcommunist governments; it is the postcommunists who possess real power because they have preserved the conditions of power that they had established before the technical or institutional change of the political system. They preserved their networks, including secret agencies, economic sector, cultural positions, and elements of civil society. Since the legitimacy of the post-communist societies depend on the symbolic catching up with western civilization and capitalist economic development, in these countries privatization has been the political issue, and everyone close enough to the center of power has been active to capture the state by means of carving out as large a portion of private property as they can thus using government for not to govern. The clear case is that of Russia. Ivan Krastev has a point: “Managed democracy is a political regime that liberates the elite from the necessity of governing and gives them time to take care of their personal business.” (Krastev 2006:59) By “managed democracy” Krastev means the most characteristic of postcommunist government – the capability of using and preserving power of the communist elite by means of power techniques so eloquently described by Machiavelli. It is an insight corroborating to the statement that it is creativity that governs – the only difference is that in a postcommunist country the mechanisms of power are less concealed, the creation of the conditions of power are more important than the goals of power.

Indispensable, but he was mistaken to turn Plato into a manager. This attempt is nothing else than one of the attempts to crush political wisdom in the name of an ever improving political knowledge. Unfortunately the deceptive character of Burnham’s suggestion has proved to be influential in the postcommunist world. Postcommunist world is partly the product of creativity of politicians like Ronald Reagan or Margaret Thatcher or Michael Gorbachev, partly of social engineering that replaced truth by fairness long ago. But it is also true that Plato would have to fail unless we could justify his ideas by implementing his tenets – but he, unfortunately, does not have tenets. With his open-ended conversations he could maintain the unity of conversations he could maintain the unity of political knowledge. Postcommunist reason has a profound concern to preserve the split between Logic and Rhetorics (cf. note no. 4), a split that requires “institutions: carriers of continuity” (Ibid:224). But in the case of postcommunist change of regime, it is not the institutions but the politicians who are the carriers of continuity. Institutions were changed, including the constitutions, but communist politicians remained using new symbols and images: the moment it was possible, they became the creative carriers of a new regime. It was possible only because people were simply ignorant of what government is about, and what role politicians play with making institutions work. On a more general level people were dissatisfied with their communist regimes in so far they did not function like the ones in the West. Once postcommunists introduced Western symbols and images under the name of system change, democratization, and Westernization, the whole issue boiled down to a merely pragmatic problem: all we need is a new set of institutions. Ideologically controlled societies came under the ideology of a postcommunist amalgam of what Voegelin detected as the different forms of gnosticism: “By gnostic movements we mean such movements as progressivism, positivism, Marxism, psychoanalysis, fascism, and national socialism.” (Voegelin1968:83).

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The most touchy issue for postcommunists is the source of their legitimacy. They changed the focus of the legitimacy of their power. First there was, and remained all through, the communist ideology promising a better earthly living, second, after the gradual disillusionment with the symbols of communism, communists claimed “pragmatism” and “management skills” with which they can govern. Thus they have relied upon the managerial concept of government, but as a consequence of system change, they have also grown on the combination of positivist pragmatism, historical determinism, and liberal management of confronting interests. Already the name, “system change”, betrays that communism was put an end to primarily in an institutionalized sense. Postcommunist world has developed a new ideology the hub of which includes democracy as a civil religion, positivism, and progressivism. Their creativity is founded on international interests (to avoid an unpredictable showdown with communists), the exhaustion of revolutionary imagination, and their skillful preservation of the conditions of their power. Now they are the main beneficiaries of the privatization, they control the media, the cultural background of their power, and the virtual reality of the postcommunist world in which symbols and images create a second reality just as vague as political power has always been for the ordinary people. What is more, by preserving the conditions of their power, they can interpret their own communist past. They own the past which is the greatest source of their legitimacy and creativity – things should not take place otherwise. Their political knowledge lost touch with seeking truth, they simply make use of the split between political wisdom and practical wisdom, which they make absolute, even antagonize their relationship by the neutral assistance of modern political science, creating a virtual reality in which the politician as such is not important, but he is an expert who can manage things under any circumstances thus excluding the last bit of a link between power and morality. And Machiavelli is smiling again.

Conclusion

The oldest problem of political science is whether the knower can override the gap between wisdom and knowledge (the universal aspect and the particular one) was already systematically handled by Aristotle. He distinguished between political wisdom and practical wisdom as if they were of different essences, which I can only accept if we understand it as an epistemological insight. Under modern conditions the Aristotelian epistemological distinction was made radical, and the two were contrasted as if they belonged to different realities, as if the knower could place himself outside politics. Modern science antagonized the connection between political wisdom and practical wisdom (knowledge) claiming that the knower can step outside politics, and can take a so-called objective position which is based on distancing the knower from reality. By this move, modern political science separated political reality from political knowledge – what the politicians do is purely arbitrary and are the playthings of conditions. What they know about is no more than what they do, a kind self-awareness without meeting any requirements of modern science. On the other hand, modern political science developed a scientific position that concentrates upon particulars and pays attention only to those elements of politics and political behavior that are calculable – the institutions and the behavior of political agents, and thus it has become apologetic. Thus modern political science tends to shun the most important element of politics which is power because that would require a comprehensive and universal approach to politics. Post-behavioralist political science realizing how serious the problem is has returned to the original issues of politics but due to its modern scientific foundations everything they start dealing with comes very close to a normative-ideological standard. Even classical political philosophy has become ideological (turning Plato into a manager) just because of the misunderstood nature of political knowledge.

And ideology is just another means of concealing political reality. This is why the study of democracy has unavoidably turned into a universalist ideology (cf. Amartya Sen 1999) Postcommunism has its own universalist ideology that is composed of all the old elements of modern assumptions about knowledge summarized by Voegelin as gnosticism, and new elements like the changing concept of ‘the demos’ (cf. European Union seeking a demos), a shift to public policies from the political, and the feminist conception of political constructivism. The only way out of this intellectual and political impasse is the return to reality and the unity of reason split into Logic and Rhetoric. The difference between political wisdom and practical wisdom is relative and not substantive. Modern political science has mainly been dealing with second reality of politics. One should return to the relevant issues of politics, and it is power, the conditions of power and not justice, the politician, and not the institutions, the way politicians make things, and not how they should do them. It is only then that political wisdom and practical wisdom will be linked again reclaiming the name of the master science.

Notes

1. An outspoken example is given by Robert Kagan who wrote that I learned from my father that the problem with Straussian was that they were ahistorical. They were consumed with the great thinkers and believed the great thinkers were engaged in a dialogue with one another across time. This made Straussians slight the historical circumstances in which great thinkers did their thinking. Indeed, my father, the historian, taught me to mistrust not only Straussians but also political philosophy in general, and I have pretty much done so – though, again, I have to admit it is partly because I find it hard to understand. “I am not a Straussian. At least, I do not think I am.” The Weekly Standard, 02/06/2006, Volume 011, Issue 20.


4. Stephen Toulmin described the rival views of reason thus: “The analysis of theoretical arguments in terms of abstract concepts, and the insistence on explanations in terms of universal laws – with formal, general, timeless, context-free, and value-neutral arguments – is nowadays the business of Logic; the study of factual narratives about the particular objects or situations, in the form of substantive, timely, local, situation-dependent, and ethically loaded argumentation, is at its best a matter for Rhetoric.”
(Return to Reason. Harvard University Press, Cambridge, Mass., 2001. p.24) This distinction is crucial in understanding the nature of political science, and its ambiguous place among social sciences in modern times. To the political knowledge brings out the salience of the ancient distinction between political wisdom and practical political knowledge.

5. Suffice here to refer, for example, to the comparison of Lysander and Sylla. Plutarch found that “which was common to them both was that they were founders of their own greatness” but were different in that “Lysander had the consent of his fellow-citizens, in times of sober judgment, for the honours he received; nor did he force anything from them against their good-will, nor hold any power contrary to the laws.” Or little further we read that Lysander was “more agreeable to law than Sylla”. (In: The Comparison of Lysander with Sylla). There are several other references that make this distinction between a statesman who acts in accordance with the law and the one that disregards them. But it is important to note that it is “greatness” that decides the judgment of a statesman, all other aspects of a statesman are secondary.

6. Cf. Richard Florida’s The Rise of the Creative Class in which he suggests that we are all equal with respect to creativity – we have to just discover it. Cf. The Rise of the Creative Class. Basic Books, New York, 2002.

7. Harvey C. Mansfield devoted a separate chapter to “Machiavelli and the Modern Executive” where he pointed out the centrality of execution in Machiavelli’s works, and wrote that “Seven elements of the modern executive originate in Machiavelli: the political use of punishment; the primacy of war and foreign affairs over peace and domestic affairs, which generally increases the occasions for emergency; the use of indirect government, when ruling is perceived to be executing on behalf of someone or some group other than the ruler; the occasions of differences among regimes as wholes, through the discovery or development of techniques of governing applicable to all regimes; the need for decisiveness, for government is best done suddenly; the value of secrecy in order to gain surprise; and the necessity of the single executive, “one alone”, to take on himself the glory and the blame.” (Mansfield 1996:298).

8. Tilo Schabert summarized the technique of creativity of power by enumerating the practical actions of a prince-like magistrate: divide et impera, prevent the existence o fan umbrella group which covers the realm of your power, do not establish precise lines of authority, keep responsibilities blurred, make overlapping assignments, foment competition, engage several agencies in projects on similar turf, distribute from time to time chips of influence among your aids, launch periodically into a shake-up of the governmental apparatus, shuffle the personnel, create two layers of government, a visible and invisible one, by splitting governmental positions into nominal and real functions, become an expert in substituting a web of personal relationships for the system of government (Schabert 1989:41).

References


Displaced People and Their Issues of Human Rights
Somenath Bhattacharjee

Abstract
Human Rights actually refers to those elemental rights which any human deserves to have honoured in order to survive, enjoy well being and flourish or fulfill him or herself by virtue of being a human. But today the wave of new world order, exploitative attitude, consumerism and greed of a few are refuting the needs of many. In this regard, along with a number of factors the issues related with the displacement of population has emerged as a major one. Particularly due to this factor the concerned people have to loss their permanent settlement, stable economic pursuit and they are forced to face severe inconveniences in every aspects of their livelihood. Ultimately the different aspects of their fundamental human rights are being seriously violated. These issues have been observed among the stone crushers of Balasan River bed, who were displaced from their earlier settlement and are struggling for their common minimum livelihood.

Key Words: Human Rights, Displacement, Identity crisis, Daily livelihood, Inconveniences.

Introduction
Human Rights are for the human being. It is gaining much importance in the present world scenario and refers to those elemental rights which any human deserve to have honoured in order to survive, enjoy well being and flourish him or herself by virtue of human being. Today the wave of new world order, exploitative attitude, consumerism and greed of a few are refuting the needs of many. As a result, human rights are facing an acute global crisis and its reconciliation is very urgently needed. The Universal Declaration of Human Rights spells out individual rights and freedom for everyone as well as Magna Carta for all humanity. The fundamental aspect of Human right is to share a common vision and a common purpose to secure the freedom, well being and dignity of all people throughout the entire world. The legislations of human rights states very clearly that, all human being are born free and are equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood. It should secure the freedom from discrimination, freedom from fear, freedom from injustice, freedom of the thought and speech. The basic attributes of human rights clarifies that everyone has the:

Ø Right to life, liberty and security of a person.
Ø Right to a nationality, individual dignity.
Ø Right to culture and religious freedom.
Ø Right to justice.
Ø Right to social security and is entitled to realization through national effort and international co-operation and in accordance with the organization and resources of each state of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

(Source: PDHRE, 2008)

But at present there are a number of factors which severely tell upon the fundamental human rights of a large number of people. Among these factors, the issues related with the displaced and refugee people deserves a special attention and in such cases mostly the political factors become the prime cause. Actually the refugees are extremely displaced people who have a well founded fear of persecution in their countries of origin and hence they are unwilling to return. The new human order is holistic in vision and operation and therefore, in the larger semantic sweep of human rights, humanitarian jurisprudence and refugee rights are also included. They have the fundamental right to:

· Equal protection of law.
· Right to a nationality.
· Right to life.
· Right to work and to basic labour protection.
· Right to live in a healthy and safe environment.
· Basic right of education.
· Basic right to avail the highest possible standard of health.

(Source: PDHRE, 2008)
In this regard it is to be mentioned here that the Rajbansis are one of the early settlers of North Bengal and Bangladesh. They were primarily dependent on agriculture. Their way of life and mode of behaviour were totally based on folk culture. Their existences were totally enmeshed with their land and neighbours. They shared their merriments commonly. But the dimension of time, place and situations are always changing. In 1971, there occurred a severe political unrest in Bangladesh. As a result, a large number of people were forced to leave their early settlement; occupation and they become migrants. Question of daily existence was a prime factor for the migrated, landless and almost resourceless people who were devoid of any source of income. Thus the land pressure due to continuous increase in population and the lack of purchasing capacity forced them to search for a permanent occupation to give a backbone regarding their establishment as early as possible. In this regard Siliguri is the most important place and it is the largest urban centre of North Bengal. Still it is a developing urban centre. Many rivers like Mahananda, Balasan, pass through the heart of the Siliguri town and natural resources like boulder, stone, sand come downward from the high hilly regions. These natural resources are used as the raw materials for various urban constructions and it emerged out as the only earning source for a large number of people.

The stone field of Balasan River bed thus became unquestionably the best option for them because this working involvement does not need any kind of capital investment. Moreover the Balasan River bed provided them the land to establish a new residence. Since 35 years the roofless, resource less migrated Rajbansis are living in the Balasan River Bed by forming a Colony named as “Balasan Colony.” The study was done on 200 families of the said colony who were engaged with stone based economy. The studied families had 1012 populations, with 507 males and 505 females; and the sex ratio was 997. The stone collection, stone crushing and the related socio-economic scenario had a direct impact on their livelihood, cultural aspects and particularly to the issues related with their human rights. These have been discussed here one after another.

**Methodology Applied**

The entire study has been done through intensive field work. In this regard Preliminary Census schedule was applied on 200 stone crushing families to collect data about their period of migration, cause of migration, occupational change, present occupational pursuits, daily working schedule, education, marital status, age at first marriage and first child, concept of health, disease and treatment and their daily food habit. Further, interviews were taken from the key informants to know about their early settlements, their previous socio- cultural practices and concerned changes of those issues due to migration. Interview was also taken about the formation of the colony and the factors related with the stone crushing occupation. There after, case studies were taken on the people regarding their suffering from different diseases. It also emphasized about their way of treatment and their hindrances over the treatment. Further, the interviews of the higher administrative officials were also taken to know about the authorization related with their present settlement and individual identity. The data collected through field work was analyzed in detail to know about the various factors related with the daily livelihood of the concerned people.

**Livelihood of the Concerned People before Migration**

In the studied area most of the families belonged to the Rajbansis which is the dominant scheduled caste group of North Bengal. It is to be noted that the early settlement of the studied families were in Bangladesh. They were the villagers and their prime occupational pursuit was settled agriculture. They were far from urban accessories and their livelihood was confined within the villages. Their daily existence had a deep co relation with the surrounding environment. They utilized the natural resources as raw materials to fulfill their requirements like food, dress and shelter in daily livelihood. Although they were not economically wealthy, but their livelihood was quite secured because they could easily accumulate their common minimum essentials from the surrounding environment without any financial expenditure. Agriculture was their prime economic pursuit and in this regard the entire family was related with the work. Their family type was joint in nature and strong kinship bondage was prevailed among the family members. They always participated in each others will and woe. They had their own traditional cultural practices and it was enculturated through generation after generation. They had a number of religious festivals among which a few were related with their traditional agricultural occupation. All of those festivals were celebrated by the entire community members and those were primarily performed with a prayer for the betterment, safety and protection of the entire community.

Regarding the population growth and economic development of the said region, the importance of migration can never be overstated. The existence of three international borders viz. Bangladesh, Nepal and Bhutan have contributed to a continuous flow of migrants in this region. Therefore North Bengal is achieving a remarkable experience of steady and continuous flow of migrants from different places (Data, 2003:16). The population of North Bengal has risen continuously through the past century, from an initial level of 0.27 crore and a settlement density of 12.5 persons per sq.km in 1891. The population growth in the region during the first part of the last century was directly attributable to the population during the first part of the last century was directly attributable to the human migration which associated with India’s partition and its aftermath (Mondal, 2007:132-133). As such the population in the region which was 39, 61,000 according to the 1951 Census, was raised to 1, 47, 24,940 in 2001. This growth is due to normal population growth as well as immigration. Owing to locational and other advantages, many people from the other states in India and also from neighbouring countries like Bangladesh, Nepal and Tibet etc are also settled in North Bengal (Mondal, 2007:132). Most of the migrants in this region have come from Bangladesh because hunger, poverty, security threat recognize no border (Dutta, 2005:147). Meanwhile, India shares 4095 kilometers of border with Bangladesh while West Bengal has a border of 2216 kilometer running with it. According to the estimate of Border Police Department about 1,000 migrants cross the border every day and they enter into West Bengal (Mukherjee, 2003).
Their social life was very much peaceful and co-operative. Earlier the social life and the associated cultural practices of the studied people were not merely confined among the community members rather it was very much associated with the surrounding nature and all other living objects as a whole. Ultimately, during their earlier settlement in Bangladesh, the studied people had their own social security and they had the scope to perform their traditional cultural performances. Earlier their arrangements of activities were organized by keeping in view the broader interest of the community inspite of any individual’s vested desire. The productions from the land and the resources collected from the neighbourhood were equally distributed among the members of the family. All of the family members were collectively involved to fulfill the essential requirements for the purpose of their common minimum livelihood. In this regard the issues of individual bettreness and personal sharing were strictly forbidden. In earlier they had a strong community consensus and in their livelihood peace, harmony and co-operation was always prevailed.

Resettlement and the Issues Related with Daily Livelihood

Displacement and Identity Crisis

The migration of people to the Balasan River bed was started in the decade of 70’s (1970) and it is still going on. Most of the migrated families were from Bangladesh, and the others came from different districts of North Bengal. The highest number of migration took place during 1970-1979 due to severe political unrest in Bangladesh. Migration took place from other districts of North Bengal because a large number of people lost their economic holds due to natural calamities and various other factors. They started to build their houses on the vested land of Balasan River bed. Near about all of them were devoid of from any sort of official records related with their resettlement and occupancy of the land, under the Panchayat, block or sub divisional administrative level. Even most of the inhabitants of the colony had not their own ration card, although they were dwelling in the area since the last three decades. It was revealed that among the total studied population only 8.71 percent male and 8.48 percent female had their own ration card while most of them had become the beneficiary merely a year ago. They had repeatedly sought the appeal to higher administration for the provision of ration card but all their efforts went into vain. It is to be mentioned here that among the studied families there were 422 males and 382 females who had attained their age (as directed by Indian Constitution) to opine the electoral franchise. Among them, only 75.36 percent male and 73.04 percent female had their voter identity card, while a larger section had got it only a year ago. Further, it is to be mentioned here that in the year 2002, a B.P.L. survey was done in the Balasan Colony; but any how most of the studied families were not enlisted in it, although the standard criteria mentioned by the Government of India was quite proportionate with the studied families. From the overall circumstances, it can be stated that although the studied families were dwelling in the Balasan Colony since a decade or more, but they had no proper legal authorization. They were settled in the vested land of the Balasan River bed without any sort of administrative authorization. On the contrary, it is also true that, if Government wants to uproot the studied people from their settlement then the common mass had no way to highlight their authorization and demand over their land. The entire situation had made an acute identity crisis for the people. They had no legal authenticity regarding their citizenship as an Indian. Moreover as they had no adequate permission related with their settlement, so they were always under stress that any administrative action might tell upon their inhabitation and it would force them into roofless and resourceless in condition. Although they got the chance of resettlement after the political turmoil, but till date they were treated as the roofless and resourceless refugees. They had no identity of their own and the people of the outside areas knew them only as an occupational group who were related with the stone crushing work on Balasan River bed.

Present Occupation and Working Condition

Before migration they were settled agriculturists in most of the cases. Now they were not at all in any position to reinstate their traditional caste based occupation of settled agriculture. On the contrary, they found the stone crushing occupation as the best way of survival and readily accepted it. The analysis of generation wise occupation from parental generation to the descendants revealed that there occurred a complete shift over in their occupational pursuit from agriculture to stone crushing either primarily or secondarily. Their parental generation was totally agriculturist but the present generations are mostly (90%) engaged in stone based economy. The colony members were engaged in collection and supply of those raw materials for urban constructions to the adjacent areas. The stone based economy was the prime source of income for most of the studied families. Hard manual labour was the only requirement for the said occupation. This occupation was devoid of age and gender biasness. The working atmosphere on the Balasan River bed was a dusty and polluted one. Simultaneously the stone crushers always had to work in touch with the river water. They worked day long under scorching sunlight, shivering cold and under heavy showers. Mostly they used crude iron implements and they worked without any sort of protecting device to their eyes and hands.

Among the studied families, in most of the cases the entire family worked as a production unit. Excluding the children, 94.82 percent male and 87.16 percent female were either primarily or secondarily involved in the stone crushing work. The main interesting feature was that, their daily requirements had forced most of the women to give prime importance to the work despite their household activities. It is to be mentioned here that the females and the children who were primarily engaged in household work and education respectively, were simultaneously involved in the stone crushing work secondarily either in the stone field or in their houses to fulfill their familial requirements. The work was conducted in any climatic condition and the concerned people went to the river bed early in the morning and did their work throughout the entire day. Most of the working population had to work for more than 8 hours. The female who were mostly involved in the household work, also did the stone crushing work for 3-4 hours in a day. They worked under “sarkars” and could get their payment once in a week (on Tuesday) according to their quantity or amount of work. Considering the family income 26 (13.00) families could earn below Rs. 1000/- per month, 154 (77.00) families earned between Rs. 1001/- to Rs. 2000/- and
only 20 (10.00) families had the monthly income between Rs. 2001/- to Rs. 3000/- . Thus despite their hard manual labour the concerned people earned a very little amount. Earlier the people were mostly dependent on the agricultural crops and fishes of their own land, village ponds and nearer rivers but now this scenario have changed completely and they were primarily depended on market based products. Their average family member was five in number and with this mere source of income they had to face all sorts of inconvenient to fulfill their daily livelihood requirements.

Impact on Education

Education is the cradle of every society. Like others the stone crusher people are also interested to give higher education to their children and make them well established. In Balasan colony the literacy rate of male and female was 75.06 percent and 70.37 percent respectively. But the parents and other elderly members were mostly illiterate and they were too much busy in their working schedule. They could not pay adequate attention to the studies of their children. They could not give care and attention at all over the studies of their children. In this regard the economic scarcity was a great hindrance for them to provide adequate educational requirements and basic infrastructure of study to their children. On the other hand, in the studied area there was only a primary school and the nearest high school was located at a distance of 2 km. It had turned out as a great hindrance for them to seek the secondary level of education because the concerned parents were quiet reluctant to accompany their children to such a distance from their very crucial working schedule. Moreover the children often went out from the classes and joined with their parents in the stone crushing work. Although the enrollment in primary education is cent percent but as they gradually grown up the cases of drop out become a very common phenomenon to them, and it is more acute among females. Among the male, educational confinement was mostly (96.54%) up to class VII level and among the female it was mostly (64.37%) up to class IV standard. There was not a single female child who had qualified secondary level of education. After getting detached from formal education, the children were directly involved in stone based work. During the study it was noticed that the population of Balasan colony got increased in maniford from its earlier population and it resulted a definite competition among the families for survival. Despite that the concerned people were unable to look after any other sort of work, because they neither had the proper educational knowledge to acquire urban based official jobs nor they were skilled enough to compete and find their own place among the skilled labour workers of urban Siliguri and other sub urban areas.

Socio-Cultural Issues and Livelihood Conditions

Before migration, the studied people were settled agriculturist and resided in the houses build on the open space in the middle of their own agricultural land. A poor Rajbansi cultivator had a simple family with his parents, wife and children. Adult members lived in separate rooms. Joint family or extended family was under the authority of one head. The elderly person of the family was the sole authority and every one was bound to abide by his direction. The families were patrilineal and patrilocal with recognition of social relations with the kin members on both sides.

Rarely a married son got separated from the family and lived elsewhere. The relatives and kin members participated altogether in their social, religious and other festivals. They had a number of religious festivals related with the agriculture and other purposes. Those festivals were mainly performed for the betterment of the entire community. Along with that, they had their own folk cultural performances which were practiced by them with utter enthusiasm during their leisure.

But due to displacement and migration, mostly they were forced to leave their relatives and kin members and even sometime their wives and children. Further, they settled in the Balasan colony with their family members and in some cases they got remarried and started a new family life. Here all the family members were involved in the stone crushing work for most of the time and they were no more related with agricultural works and allied practices. Most of the families were nuclear in Balasan colony and their neighbourhood relationship was no more integrated, harmonious and affectionate as it was earlier. People were quite busy with their hard working schedule to accumulate a fold of rice in the context of their survival. In this regard they could hardly pay enough attention to their neighbourhood. It has been reported that now the young generations are getting separated from their parents after their marriage to deal own personal life and they merely accept any opinion of their guardians. Most of the families were far from their close kin members and they had a very few contact with them. Their familial integration had broken very rapidly in these circumstances. Often neighbourhood quarrels could be seen among them. Their social integration was no more peaceful and harmonious as it was earlier. As a result the social structure and social organization based on familial and neighbourhood interaction level has changed a lot from their earlier feature. The contemporary social functions have confined to the circumference of nuclear familial level despite the entire societal level as it was prevalent earlier. Most importantly, a family is the prime source of socialization and personality formation for a child. Meanwhile, in the studied area most of the children were lacking the guidance and affection of their close kin members, particularly of their grandparents. From early childhood they could observe familial tension, quarrel with neighbours and acute poverty.

Further, the poor level of income had provided a very little chance to the stone crushing families to acquire better living conditions. Most of the families had only a couple of room to reside and in some cases they resided in a single room. Positions of kitchens were mostly outside the room and even in some cases they cooked inside the room. Most of the houses were devoid of proper drainage and sanitary means and for this purpose they often used the river bed. The environment around most of the houses was not adequate from the perspective of health and hygiene. Particularly in rainy season their shanty lanes became waterlogged and muddy due to improper drainage system. Lack of proper household infrastructure had created psychological stresses among the family members and specially it affected the children very much. Despite their hard work they had a very mere chance to enjoy mental recreation and in the evening most of them got involved in a number of addictions. Most of the adult male members were alchoholic and were involved in gambling.
They almost spent their entire earning behind those. Even the teenage children were also addicted to alcoholism, tobacco uses and sometime in gambling. Ultimately a very little amount of money was left for the women to fulfill their familial needs and in this regard they had to face all sorts of inconveniences. The continuous pressure of need and lack of its fulfillment ultimately turned out into familial tension among the married couples and often the wives were maltreated by their husbands. Those intricacies created a problem to their children and in this regard their simple tender mind had to face all sorts of complexities. These ultimately hampered their education as well as socialization and personality formation as a whole. Meanwhile, it is to be mentioned here that, poverty had created an acute hindrance for them to lead a joyful life. Further, expenditure for their marriage. Poverty, gradually start to deposit a little from their it has been reported that, the females who demand of the dowry. It had forced them to sort of inconveniences to meet up with the regard the parents of the bride had to face all those intricacies created a problem to their mind had to face all sorts of complexities. 

Impact on Health Situation

After their resettlement in a new environmental background they had no scope to pursue their traditional agricultural occupation. On the other hand the land of this area was totally filled up with stone, sand which had restricted their scope to cultivate vegetables in kitchen garden. As a result they had no oppurtunity to accumulate their food resources from the environment as it was in earlier. Moreover the concerned people had no scope to catch fishes from the Balasan River. Further, with the unavailability of agricultural land the grazing land also became scarce and as a result there was no scope of domestication for them. Ultimately the studied people had a very minimum scope to manage any sort of animal protein in their daily diet. They had to depend on the expensive market based products for their food. But with the mere source of income they became hardly capable to accumulate rice, pulses and one item of vegetables as their diet for twice in a day. Even sometime it also became harder. Consumption of expensive market based animal protein was a mere dream to them. With this quite less nutritive food they had to do hard manual labour throughout the entire day. It is to be mentioned here that scarcity of resources had hindered the studied families to provide nutritive food to their pregnant women. Moreover, the pregnant women also had to get involved with the stone crushing work to accumulate a fold of rice. As a result, the hard manual labour during the pregnancy period and provision of less nutritive food might had resulted the fact that the concerned women were quite malnourished and often they had given birth to malnourished children. Moreover their lack of purified drinking water, lack of scientific sanitation and poor household construction were an added criterion to their poverty. Their hard manual labour, malnutrition and improper livelihood infrastructure had made them vulnerable to a number of diseases. In their traditional society they had a deep psychological faith on their traditional medicine man and magico-religious healers. But now their traditional healers had to face all sorts of inconveniences to conduct their treatment because they had a very little oppurtunity to collect the required medicinal plants from their surroundings. Often they had to go to a long distance to collect those and in this connection they demanded high fees. But the poor people were unable to fulfill their demand and in a number of cases they were unable to get the medication from their traditional healers. On the other hand, economic scarcity had hindered them to avail the western medicinal treatment. Ultimately they mostly sought the medical treatment from the local quacks for a quick recovery. Mostly they had no scope to redress their poor health condition, due to their inability to avail proper clinical diagnosis for the financial constraints as well as lack of convenient environment related with their livelihood. Ultimately the scarcity of environmental resources had forced the studied people to face a serious challenge related with the food, nutrition and health situation in a complete sense.

General Observation

The dimension of time is always changing and along with that the livelihood of the human being cannot remain static. Today with the rapid influx of globalization we are progressing towards the threshold of a new era of advanced techno-economic development, modern livelihood accessibilities and a number of other conveniences which will cumulatively pave our way for overall societal betterment. But on the other hand, there are a huge section of people who are poor, marginalized and are struggling in every perspective of their livelihood to accumulate the common minimum requirements for their survival. They are completely in the opposite domain of this progressive world and are gradually lagging far and far behind in the steady and faster rate of overall societal and techno-economic development. The studied stone crushing families on the Balasan River bed are in such a situation. Their present condition of livelihood had not resulted in a day or two, but there were a number of factors which had forced them to remain in such a condition. In Bangladesh they had their own land, settled means of livelihood and environmental resources had forced the studied families to provide a healthy and safe environment. In early settlement they had the right to nationality, individual dignity and pursuance of social and cultural practices. But the severe political turmoil in 1971 left a major impact on their
right to social security, individual dignity and right to life. The overall adverse circumstances forced them to leave the settlement and they were displaced as a roofless and resourceless migrant. But, after the resettlement in the Balasan colony they were enmeshed into a number of inconveniences and still now struggling for their survival. Although they were resettled since the last three decades but they had no identity as an Indian citizen and they had no authorized document of their present settlement. They were simply known as an occupational group among the common mass but they were not known on the basis of their own individual social or cultural identity. Further, after the resettlement a strong economic backbone was their prime need. But the present stone crushing occupation was unable to provide them the concerned requirement. From the present settlement they had no scope to accumulate the natural raw material for the continuous urban flourishing, but they were debarred from the basic attributes of human rights in every perspective of their livelihood. If the present situation gets continued then only the forth coming period will tell us about their fate and mere chances will be left even for their survival.

Form the overall circumstances it can be stated that, due to displacement a severe socio-economic and socio-cultural crisis had emerged out among the studied people as well as it had exposed them into an insecure environmental circumstance. The studied stone crushing people were completely devoid of from the basic attributes of fundamental human rights related with their settlement, nationality, standard of living, security of food and nutrition, basic right of education and highest possible standard of health which they should deserve simply by virtue of a human being. They were dwelling in a close proximity from the biggest urban centre of North Bengal i.e. Siliguri but they were far away from the modern urban accessibilities. Their labour was the prime raw material for the continuous urban flourishing, but they were debarred from the basic attributes of human rights in every perspective of their livelihood. If the present situation gets continued then only the forth coming period will tell us about their fate and mere chances will be left even for their survival.

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Dealing with Terrorism in South Asia: The Case of India

Pradeep Kumar Parida

Abstract

Terrorism in South Asia has reached at its peak. The existence of international terrorist groups and their supporters in South Asia is identified as a threat to regional stability. With terrorist activities and bomb threats assuming alarming proportions, it is now understood that how incapable the South Asian regions particularly India and Pakistan are to prepare themselves to fight against terrorism. In this context, the present paper highlights the recent incidence of terrorism in South Asia, concentrating on Pakistan and India. For a common understanding, particularly, this paper is designed to find out factors that are responsible for terrorist activities in India. To this end, the article has also suggested various frameworks for action so that an actionable plan can be evolved within a time-frame both to fight terrorism and prepare a response mechanism in the aftermath of terrorist attack.

Introduction

Terrorism poses a serious threat to the fabric of our society. At its horrendous extreme, it brings a bigger threat with the use of dirty bombs and other weapons of mass destruction. Following the terrorist attacks in the U.S.A on September 11 2001, South Asia particularly India, and Pakistan emerged as the epicenter of the war against terrorism with the involvement of the American and coalition forces against Al Qaeda in Afghanistan. In South Asia, there is a consensus that terrorism has a negative impact of economic development, but the assessment differs significantly depending on the experience of individual countries. The ferocity and organization of the recent attacks in Mumbai testify to the potential of terrorism to not only challenge national security but threaten regional and international peace. Similarly, in Pakistan, the issue of terrorism, militancy and extremism posed by Al Qaeda and Taliban causes enormous challenges to the security of the South Asian region. Pakistan’s dangerously deteriorating internal security situation shows that the country is facing a grave challenge to deal with terrorism. Pakistan today is more confused with whom it is fighting than it was eight years ago, when the “war on terror” began in the Pervaiz Musharraf’s (the former president of Pakistan) regime. It is true that Pakistan is unsafe now, more than it was before September 11 2001. The present situation is not due to the result of the American War in Afghanistan, but a blow back of the policies of pre-September 11 Pakistan (Subramaniam 2008). Suicide bombings were unfamiliar in Pakistan then, however, most militant groups were born and nurtured by a state apparatus that funded them and trained them to fight proxy wars in Kashmir and Afghanistan (Ibid). Thus, it can be rightly said that South Asian countries, mostly India and Pakistan are not safe to live in peacefully where terrorists attack against innocent and unsuspecting civilians and threaten the preservation of the rule of law as well as violate human rights at their will.

It can be noted that South Asia has been the victim of violence perpetrated by a myriad of groups with diverse objectives and varied ideologies. One way to categorize terrorist violence in this region is to identify groups according to motivation, which yields three distinct categories: (1) those motivated by nationalist politics; (2) those motivated by religious extremism; and (3) ethno-nationalist separatist groups (Rosand et al. 2009). Mostly, these are the three ideologies which are dominating the terror activities in the South Asian region. Apart from the above ideologies, the dangerous and nefarious activities of Taliban and Al-Qaeda cannot be ruled out. Moreover, political relationships among states characterized by suspicion, mistrust, and, often, outright hostility, have prevented the development of strong and effective regional cooperative mechanisms in South Asia. Although the South Asian Association for Regional Cooperation (SAARC) has made several attempts to forge regional responses to common challenges, including drugs, small arms, and counterterrorism, its efficacy is often held hostage to the relationship between India and Pakistan. Due to the difficulties of political engagement, SAARC has consequently focused primarily on regional economic development rather than on political questions (Saighal 2003).

The present paper is thus designed in search of various crucial answers that concern theory and method to root out terrorism in South Asia particularly in India. In fact, it is difficult to communicate in a straightforward way on a topic so morally polarised and so politically manipulated. Therefore, the paper is divided into four parts. Section I deals with some preliminary definitions and statements of approach of terrorists activities; Section II illustrates various factors responsible for present terrorist practices in India; Section III explains framework for action to fight terrorism in South Asia with reference to India; Section IV concludes the paper.

1 Statements about Terrorism

Till the date, there is no official definition available on the critical issue of terrorism because “one man’s terrorist is another man’s freedom fighter” which implies that there can be no objective definition of terrorism, no universal standards of conduct in peace or war. However, terrorism can best be defined by the quality of the acts, not by the identity of the perpetrators or the nature of their cause (Srivastav 2004). All terrorists’ acts are crimes. In this connection, it can be said that terrorism is a strategy by groups of different ideological persuasions who challenge the state’s authority. Generally, it is found that groups who want to dramatize a cause, to demoralize the
government, to gain popular support, to provoke regime violence, to inspire followers, or to dominate a wider resistance movement often find terrorism a reasonable choice.

Quite clearly, however, definitions that exclude state terrorism remain blind to major source of the violence and fear that is visited on civilians around the world. Barker (2005) says “state terrorism and group terrorism, it is true, have rather different features, but their effects on people and politics are often closely linked. They both fit the basis idea of terrorism that most people hold: violence and threats of violence against civilians for political ends (Barker 2005: 24).”

Who are the Terrorists?

Before discussing further, it is important to know about the terrorists and the individual motivation of the terrorists. Social scientists find it extremely difficult to study why some individual engage in terrorist activities. Crenshaw (1981) says that an identifiable pattern of attitudes and behaviour in the terrorism-prone individual would result from a combination of ego-defensive needs, cognitive processes, and socialization, in interaction with a specific situation. In pursuing this line of inquiry, he further clarified that it is important to avoid stereotyping the terrorist or oversimplifying the sources of terrorist actions. No single motivation or personality can be valid for all circumstances. Venturi observed that “the policy of terrorism united many very different characters of mentalities (Venturi 1960: 647)”. Merkl (1974) in his study of the ‘Pre-1933 Nazi Movement’ rejected terrorism based on personality types and instead focussed on factors like the level of political understanding. After discussing the above thinkers one can say that an individual do not become terrorists overnight. It is a long process that begins with alienation and proceeds to protest and permanent dissidence, and ends with a member of terrorist groups. Thus, different form of terrorism involves various degrees of selectivity in the choice of victims. No doubt, the form of terrorism practiced – how selective it is and how much personal domination of the victim it involves – would determine the relevance of different question.

Available Important Theories

Saltert (1976) has explained following four main theories related to terrorist activities:

1. Olson Theory of Revolution or Revolution as a Rational Choice. Olson (1971) says that revolution is the best alternative for achieving any goal. The American and French Revolutions of 1776 and 1789 had a clear political agenda, and both resulted in a complete transformation of power relationships. Later on the Russian revolution of 1917 and the Chinese Revolution of 1948 had similar dramatic results. However, not all revolutions in recent history have been socialist or egalitarian, or even modernizing; many have been anti-democratic or right-wing. Fundamentalist Islam has swept through the Middle East, most notably in the revolutionary down fall of the Shah of Iran in 1979. The 1990s have witnessed a “reverse revolution” in many former communist states.

2. Psychological Theory. Many schools of psychological thought share this assumption that acts of hostility, violence, or extreme self assertion are biological or instinctual in nature. Psychologists say that frustration and aggressive behaviour is the root cause of terrorist activities. The frustration-aggression thesis has been identified with the work of Sigmund Freud, who argued that frustration – the blocking of pleasure seeking or pain avoiding activities – always leads to aggression, either towards the perceived source of interference, or (if inhibited) displaced on to another object.

3. Theory of Unbalance Social System. In Parsonsian terms social systems refer to a stable relationship between two actors, to societies as a whole, to systems of societies, or in dead any level between these. However, theory of unbalance social system, which is proposed by Johnson, says that terrorism is based on the validity of selection of variables, which come from the unbalanced social system – increase of ideological activity, armed forces, general and political criminality, and suicide – as an index of anomie (Johnson 1968).

4. Marxist Theory. Karl Marx argued that the social relations which define class generate inherently opposing interests (Coser 1971). Hence, for example, the interests of the bourgeoisie are different from and antagonistic towards those of the proletariat. It is in the interests of the bourgeoisie class to exploit the proletariat and in the interests of the proletariat to overthrow the bourgeoisie. In this connection, the transformation from “class consciousness” to “revolutionary consciousness” is the key factor to assess terrorist activities.

Dealing with Terrorism in South Asia: The Case of India

Pradeep Kumar Parida

After discussing the above theories, it is easier to understand the types of terrorism practiced in various countries during various circumstances. It becomes possible to study the effects on people and politics are often closely linked to terrorism. The effects of terrorism are closely related to the level of political understanding. After discussing the above theories, it is easier to understand the types of terrorism practiced in various countries during various circumstances. It becomes possible to study the effects on people and politics are often closely linked to terrorism. The effects of terrorism are closely related to the level of political understanding.
the Council adopted Resolution 1377, which dealt mainly with the assistance to states to fulfill the requirements of Resolution 1373 and also affirmed a sustained a comprehensive approach to combat terrorism (Parida 2007). The Security Council subsequently decided to adopt a Declaration on the issue of combating terrorism in its 4688th meeting on the January 20, 2003, which stated that terrorism in all its form and manifestations constitutes threat to peace and security. Further, Resolution 1566, which was approved by the Security Council in October 2004, states that “criminal acts – including those against civilians, committed with the intent to cause death or serious bodily injury, or the taking of hostages, with the purpose of provoking a state of terror in the general public or in a group of persons or particular persons, intimidating a population, or compelling a government or an international organization to do or to abstain from doing any act – which constitute offences within the scope of and as defined in the international conventions and protocols relating to terrorism, are under no circumstances justifiable by considerations of a political, philosophical, ideological, racial, ethnic, religious or other similar nature (Guruswamy 2008: 10).”

II

Strategic Logic and Factors behind Terrorism in India

India has been under the threat of terrorism for long. Since independence in 1947, we have been facing the problem of terrorism in different parts of the country. We have exclusively faced this problem in Punjab and Jammu and Kashmir, bordering Pakistan. Now it has spread to all most every parts of the country. At present, all our cities and towns are vulnerable to terror strikes. The serial bomb blasts in Hyderabad, Japur, Bangalore and later in Ahmedabad and Mumbai in which many innocent people lost their lives and sustained injuries demonstrate that terrorist can strike anywhere across the country at their will. In this way, it highlights the grave threats of human security even when the injured are in hospitals. The Ahmedabad blasts were the first instance of terrorists attacking a hospital. This blast in hospital showed the extent of cruelty one can indulge in to create the menace. The Mumbai strikes were also marked by brutality by the attackers and incompetence of government and security agencies in responding to them. Clearly, the diabolic design of terrorists has proved that they can pick and choose their targets easily and the governments can only become a spectator to face the disaster. By doing this, the extremists are successful in instilling fear in the minds of the people. However, the continuing resilience and indomitable spirit of the people in India after the blasts are praiseworthy. But how long the common innocent people can tolerate the triggering panic of more attacks? Neither praising people’s patience after every terror attack nor words of condemnation and announcements of monetary compensations for victims and their families is enough. Question arises, are we capable enough to fight terror?

Terrorism appears in many forms ranging from bomb blast in public places and hijacking of flight to assassination of important personalities. The main aim of terrorists is to create destruction and disorder in a civil society. Goswami (2008) points out that terrorists have basically five goals such as regime change, territorial change, policy change, social control of the population and status quo maintenance of an existing regime or territorial arrangement. September 11 terrorist attack on the U.S. was primarily staged by Al-Qaeda to bring a policy change in West Asia especially in regard to the U.S. troops stationed at Iraq and Afghanistan (D’Monte 2008). However, the recent serial bombing in different cities of India reflects that terrorist’s organization is geared towards either for “territorial change” or “social control” (Ibid). Terrorist organizations like Lashkar-e-Taiba (LeT), Harkat-ul-Jihad al-Islami (HuJI), which are very active in Jammu and Kashmir, want territorial change in Kashmir basically to incorporate it with Pakistan. Where as, the Student Islamic Movement of India (SIMI) and the Indian Mujahideen (IM) are in search of strengthening their own status in Indian society. So, looking at the ideology of various terrorist groups, it can be rightly said that different terrorist groups have different aim based on their intentions and principles. However, due to this, the most basic human right namely to life are denied which creates an environment in which common people cannot live in freedom from fear and enjoy their other rights.

Importantly, the present terror practices in India can be linked with several factors such as human rights violation, active role of Inter Services Intelligence (ISI) in Pakistan, trans-national threats from Al-Qaeda and Taliban (another terrorist organization operated in Afghanistan and Pakistan) as well as easy availability of explosives.

In India, we are dealing with human beings who are suffering, dying and being tortured and starving because of policies that we are involved in. We, as citizens of democratic society, are directly involved in and are responsible for the suffering of people. For instance, aid workers and human-rights researchers say that violence in Jammu and Kashmir since independence has revealed hunger and diseases that killed so many people and forced many to practice militant activities. There has certainly been violence in the Valley, by both the militants and the agencies of Indian state. Human-rights groups estimate that thousands more have been displaced. Hundreds of women have been raped both by the military and militants, including gang rape in various towns of J&K (Swami 2008). Thus, the massive discrimination and denial of human rights are grounds for terrorism. In this context Roosevelt says:

“Basically, we could not have peace, or an atmosphere in which peace could grow, unless we recognized the rights of individual human beings... their importance, their dignity... and agreed that was the basic thing that had to be accepted throughout the world. It is hard to disagree with the fundamental rights guaranteed to human rights described in the UN Declaration of Human Rights. It is even harder to understand the real world consequences of ignoring these rights until one looks at what events are occurring in the world which should be being prevented by this International Document.”

Recently Prime Minister of Pakistan, Yousuf Raza Gilani has accommodated the ISI under the control of the interior ministry, as a result of which the intelligence outfit retains its capacity to function as an autonomous entity. This will definitely give an opportunity to regroup the militant groups and refocus on...
anti-India activities. The U.S Defence Department and the Central Intelligence Agency (CIA) are silently watching this because as usually, the U.S has some vested interests now in the re-emergence of the ISI. The reason behind the Obama administration’s reluctance to press the Pakistan army to take more effective action against the militant groups is that the CIA now needs the help of ISI to operate in the Federally Administered Tribal Areas (FATA). Since the CIA does not have its own network of agents in the lawless FATA, it has given license to ISI to operate its agent actively. In this way, the Pakistan Intelligence agency is now free to play the double game that objective observers are convinced it is playing. Other than sending its agents to various cities of India for destructive purposes, the ISI has also now created major handiworks of the ISI, therefore, India can ceasefire violations on the LoC are the tensions along the LoC in Kashmir and the process. As for India, the escalations of anti-India activities now in the re-emergence of the ISI. Indeed, more than a decade after his declaration of war on West and eight years after the attack of September 11, 2001, he is as present as ever on the world stage, linked, rightly or wrongly, to create violence across half of the globe. Similarly, the close affinity between Al-Qaeda, Taliban and ISI is definitely a concern for the diplomatic downturn in the Indo-Pakistan peace process. The latest terrorist attack in different cities of India has somewhere connection with these instances. Moreover, the horrendous suicide attack on the Indian embassy in Kabul also highlights the fact that the dreaded Taliban is once again on the rise. It marks a new and dangerous phase in the battle against terrorism. The volatile Swat Valley of northern Pakistan, which was dominated by the Pashtuns ethnic groups, is now under the capture of Taliban and has been the epicentre for their terrorist activities. Here, it can be pointed out that there is a full-fledged war going on in Afghanistan and Mullah Omar (the supremo of Taliban) with his supporters is fighting the coalition forces and the U.S. forces. In this connection the Washington Times recently reported quoting U.S. intelligence officials “Mullah Omar travelled to Karachi last month after the end of the Muslim holy month of Ramadan. He inaugurated a new senior leadership council in Karachi, a city that so far has escaped U.S and Pakistani counter terrorism campaigns.” Further Bruce Riedel, a CIA veteran on Al-Qaeda and Taliban, confirmed that Mullah Omar had been spotted in Karachi recently and “some sources claim the ISI decided to move him further from the battlefield to keep him safe.” So, there are every possibility that India can be targeted frequently by these forces as there is a strong nexus developing between Taliban, Al-Qaeda, the extremists in Pakistan and the jihadis inside Kashmir and outside Kashmir. In this context, even Pervez Musharraf, the former Pakistani General and President, who for a period supported the extremists said on his interview to CNN-IBN on July 18 and 19, 2009 “under the absolute present circumstances – today – the biggest threat is extremism and terrorism by Taliban, Al-Qaeda, and by the extremists in our society (Thapar 2009).” Recent terror strikes in India show that serial bomb blasts were carried out with ammonium nitrate-based explosives. These explosives are now easily available in the flourishing local black market. Western governments have now restricted ammonium nitrate-based explosives where as Indian government could not be successful enough to do so. In 2004, the Union Home Ministry imposed a comprehensive ban on the manufacturer of nitro glycerine-based explosives for civilian purposes. The mining and construction industry instead adopted ammonium nitrate-based explosives. But the problem is that the government could not help to detach it from the terrorist organization. Though explosive users are advised to possess license to make purchases and secure stocks, pillage of goods have been proved impossible. Under these circumstances where explosives are easily available, even a small group of anti-social elements can also harm people tremendously and create enormous panic.

Above all, importantly, poverty and oppression make some segment of population particularly among the youth more vulnerable to militant practices. Recently, ‘Sachar Panel’ submitted its report stating that India’s minority Muslims face widespread deprivation. Muslim community is lagging behind other religious groups in most development indicators. The Panel also stated that Muslims are only marginally better off than the SCs and in some cases even worse off. Successive rulers have either appeased or denigrated the Muslim community to strengthen their vote banks. The finding that most Muslims are worse off than the OBCs and other minorities should serve as a wake-up call to the government. While the Constitution does not permit reservation on the basis of religion, it does allow reservation on the basis of caste and social backwardness. Therefore, the backward sub-castes among Muslims should be classified as extremely backward or most backward classes. While a community cannot be allowed to suffer continuously, it is important to identify the causes that have contributed to strengthen fundamentalist and militant practices.

Role of Islamist Ideology in Terrorism

Since there has been some discussion that Muslims had been behind all acts of terrorism, it is important to find out whether there are any genuine links between ‘Islam’ as a religion and terror. Of course, the community is condemned by violence committed in the name of Islam. It is a matter of regret that a bomb blast in any part of the world brings trouble to Muslims. Whether a
‘Kamikaze’ pilots is the Tamil Tigers in Sri Lanka (Singh 2008).

III

Combating Terrorism in South Asia

At present terrorism in South Asia can be prevented if important countries like India and Pakistan change their approach to each other and work progressively for combating terrorism. History has repeatedly proved that force alone does not resolve any problem. It is a fact that hate begets hate. Therefore, it is high time the SAARC nations sit together to make the region a terror free and peaceful nations. The importance of developing an effective, broad-based regional response to the threat of terrorism is the need of the hour. However, despite declarations regarding the need for greater collaboration among states on issues related to border security, mutual legal assistance, and law enforcement, this cooperation has been slow to materialize in South Asia. Therefore, to this end, a holistic approach would offer an appropriate model for developing an effective regional framework for addressing the threat. The development of an effective, regional mechanism for fostering sustained counterterrorism cooperation should be a key component of the strategy. It is time a common counter-terror framework under the mechanism of SAARC is created. It is also important that the international community and defense as well as intelligence establishments in the region support such an active role for the regional organization.

As far as India is concerned, the battle of terrorism has entered a new phase. But this is a battle that cannot be won by the government alone who is sitting very comfortably at the centre or state for its own interest. In a political system, which produces only contentions and allegations by the political leaders, combating terrorism seems to be a distant dream. For nearly two decades, our leaders have encouraged a culture of blaming the others. The debates never encourage the requisite talents, ideas, resources, assets and commitment that can be deployed to eradicate the menace of terrorism. The divided political leadership is unable even to encourage the security agencies to fight meaningfully against terrorism. In this context, Khare says:

The battle against global terror cannot be won in isolation from other aberrations in the architecture of rule of law. Because of blame-game politics, we have lived with this absurd pretence that while the ruling classes (the political class, the corporate elites, and the media) are free to suborn the loyalty and professionalism of the police, the same compromised security bureaucracy still retains the competence and the edge to take on the global terrorist (Khare 2007: 10).

Our leaders forget that politicalising acts of terror will definitely help the terrorists’ organization to divide the nation. It is quite worrying that the poor who elect their representatives fall victim to the designs of terrorists only to save their vote banks. So, time has come that the best of our political leaders can stand united and exercises the needed political will to combat terrorism.

Regarding the present “war on terrorism”, Hasan Suroor (2008) after taking the idea from Philip Bobbitt’s new book on ‘Terror and Consent: the Wars for the Twenty First Century’ discussed about the nature of terrorism and the ways of dealing with it. He believes that we are not at a war against terrorism. He argues:

Terrorism has always been with us and though its weapons may change, it will remain fundamentally the same; because terrorism will always be with us, there can be no victory in a war against terror; because there is no enemy state against which such a war can be waged, the very notion of a “war” on terror is at best a public relations locations; terrorism cannot be an enemy … because it is a method, a technique; because terrorism is a technique, not an ideology, it is always a means to an end; one man’s terrorists is another man’s freedom fighter; the root cause of terrorism lies in conditions of poverty and economic exploitation; terrorism is not a matter for defence departments when there are no battlefield lines or armies to confront; rules of law that apply to conventional conflicts cannot apply to a war on terror; and good intelligence provides the decisive key to defeating terrorism (Suroor 2008: 10).

Moreover, Suroor also added that “the looming combination of global terrorist network, weapons of mass destruction and the heightening vulnerability of enormous numbers of civilians emphatically require a basic transformation of the conventional wisdom in international security (Ibid)”. It is important to remember here that terrorism is always one step ahead of technology. So, in order to
counter terror attacks a well coordinated specialised unit with superior intelligence gathering skill is urgently needed. In this context, one thing is clear that our intelligence is not at its best because terrorists are smartly using the merits of it. Therefore, a strong political will and technological advantage is very much required to counter the terrorists' ploy to destroy a nation. The emphasis should be on modernising and enhancing intelligence and investigative capabilities. Modern methods of intelligence gathering skills are very much required at this moment. Hence, instead of reacting after an incident happens, the law enforcement authorities should be able to anticipate and prepared to frustrate the designs of terrorists. The coordination between the intelligence and state security is also important. In this connection, there is a lot more to be done to empower the vigilance apparatus. The vigilance and the officers should use the latest technology and communications systems, to ensure that security is tighter and more effective.

In India, law and order as well as security is the responsibility of the concerned state, so, the state government with the help of central government should overhaul the security infrastructure and formulate a long-term strategy to tackle and prevent various acts of terror. So, the law enforcement machinery across all states needs to be significantly improved as a form of police reform and reform in the criminal justice system. At present, it is very difficult to see that we still depend on our police establishment on the basis of the legislation enacted in 1861. The Indian Police Act, 1861 was a tool used by the colonial power to suppress the general mass, which has no place in an open society governed by the ethos of democracy and the rule of law. So, the enactment and the proper implementation of a Police Act which can reflect the democratic aspiration of the people would be the best insurance for the people against terrorist. However, it is also necessary that the police force ensure transparency and accountability in its functioning so that it can work independent of and free from interference. Regarding reforms relating to the criminal justice system, the legal community must uphold the right to fair trial for all individuals, irrespective of how heinous their crimes may be. If the judiciary does not act this right properly, it will act as a moral loss against those who preach hatred and violence.

Importantly, people’s faith in government and law enforcement agencies is very important step at this juncture. History has witnessed that no action has been taken against those responsible for Godhra massacre, Gujarat riots, Delhi anti-Sikh riots, and Babri mosque demolition. It shows that when people don’t get justice from the government, they become vulnerable to those who exploit their sentiments. So, instead of looking east, west and our neighbouring countries always, we have to look within, if we are to come up with a proper solution to combat the menace. In this context, it is clear that local elements are involved in planning and executing acts of terror. Socio-economic and political problems are responsible for the participation of locals. In other words, increased terrorists activities are the by-products of government policies, socio-economic condition of the people and human rights violation which all political parties must jointly address.

However, all measures, steps and mechanisms will not succeed unless people’s role is not taken into account. Since it is the common people who suffer the most, they have to take greater, proactive role to play in identifying, tracking and preventing terror strikes. People’s awareness and interaction with the security is the key in this regard. People have to be extra vigilant about surroundings, entities, places and things. Generally speaking, the cycle bombers could not have struck without local support. So, the way terrorist organization use local people, in the same way the local people can save the innocent people through a proper information and strategy. This needs cooperation and understanding among the people. Moreover, we need to change our attitude towards public property that we hardly think as ours. So, rather than a passive onlooker, people need to involve, engage and confront everyone or thing that gives the impression that it is suspicious in nature.

Having said this, we have to ensure that various committees work at village level, block level, district level and even at the state level to discuss the safety of the particular area. Terror agenda needs to be discussed on priority list. Instead of talking in reaction, time has come for citizens to be proactive – from the grassroots to the highest levels – to track any suspicious person or thing in the public places. For this purpose, all communities need to work in close association, as everyone is affected by terrorism. Terrorism has no caste, creed, community or religion. No politics, no jihad, no vow has the right to destroy an innocent life. Let the people who want to prove a point destroy the terrorists and the terror. Laws, policies, strategies, mechanisms, and measures work only when people support in an active manner. So, Thakur has rightly said that “Success in defeating terrorism can come only if we remain true to values that terrorists reject. It is possible to resort to the lesser evil of curtailing liberties and using violence in order to defeat the greater evil of terrorism, but only if we do not succumb to the greater evil of destroying the very values for which democracies stand (Thakur 2007:10).”

India-Pakistan Peace Process: The Need of the Hour

The present terror practices in South Asia can be minimised to a great extent if recent India-Pakistan peace process goes further with a proper direction. Having said this, it is essential to discuss the obstacles, which are faced by the two nations. Since 1947, Pakistan has been using its sponsorship of and support to different terrorist groups operating in India as a strategic weapon to keep India preoccupied with internal security problems. Before the formation of Bangladesh in 1971, the then East Pakistan was the main sanctuary for non-religious terrorist groups operating in India. Since 1971, the present Pakistan, called West Pakistan before 1971, has been the main sanctuary for all Sikh and Muslim terrorist groups.

Ever since 1947, Pakistan had waged an informal war to seize Jammu and Kashmir; India was returning the complement by supporting Pakistan’s Afghan adversaries. This process continued indirectly by India till the annihilation of the Taliban after September 11, 2001. After this India openly supported Afghanistan for the reconstruction programme that is still under way. This development has
threatened Pakistan’s security establishment, which correctly found India as a growing obstacle to its longstanding interest in Afghanistan. After India’s open agreement with Afghanistan, Pakistan officially expressed concern about Indian activities along Afghanistan border with Pakistan. So, Pakistan has been consistently pressuring India not to support Afghanistan, where as India is actively engaged to reconstruct the war-torn Afghanistan.

In this circumstance, the role of ISI on the Kabul bomb attack on Indian embassy as well as sending its various agents for the practice of terrorism in Indian cities and ceasefire violations on the LoC is clearly visible. Even, America has given evidence on ISI hand in Kabul attack. Moreover, with true democracy still being out of Pakistan’s reach and the failure of its government to control the ISI, it is little wonder that ceasefire violations on the LoC and terror practice by ISI’s agents on Indian soil can be stopped. These have created cracks in the problematic relation between India and Pakistan. So, it is significant that these accusations are being resolved ahead in their bilateral relations.

Effectively speaking, a peaceful and dynamic nation has to carry forward development. In the era of globalisation, the concept of poverty, unemployment and overall economic development should be taken utmost importance. The leadership of India and Pakistan should think that India-Pakistan peace process does not reflect a welcome sign for some countries and some organizations those have the vested interests only if India and Pakistan continue fighting each other. However, US president Barack Obama said recently that the US-led war against militants in Afghanistan might be made easier if the United States worked to improve trust between India and Pakistan. A peaceful Indo-Pakistan relation will definitely bring stability and development in South Asia. So, a spirit of cooperation, trust and pragmatism is essential between the two nations. This is possible on an atmosphere free from terrorism, violence and the threat of it.

IV Conclusion

The foregoing discussion prompts me to conclude that South Asia is surely capable of fighting terror more than any other regions of the world, but it has to concentrate on underdevelopment, especially in the border areas, as well as poor governance, unemployment, corruption, human rights violation and the lack of trust and limited cross-border cooperation. In this context, their leaders should develop a regional strategy for addressing the terrorist threat. Greater consideration should be given for the development of an effective, regional mechanism for fostering sustained counterterrorism cooperation. It is equally important to remember here that South Asian countries are required to enlist the academic and research communities in the region to promote strategy implementation and greater regional counterterrorism cooperation more broadly, including through joint research projects.

Global change in the past two decades has had enormous impact on human mobility. Globalization has generated hybridity and socio-cultural heterogeneity (Ray 2007). India, as one of the active members of global development, should remember that September 11th in America and other serial bomb blasts in its various premier cities are not the end of the history. In the age of easy international travel and advanced communications, terrorist networks have also assumed cross border dimensions. In many instances, attacks are planned by individuals located in different countries who use modern technology to collaborate for the transfer of funds and procurement of advanced weapons. This clearly means that terrorism is an international problem and needs effective multilateral engagement between various nations. Therefore, the designs of terrorists should be defeated by displaying unity and solidarity among the people and nations. Now, it is an encouraging sign that in recent SAARC summit, all the members’ countries had a unanimous opinion regarding the threat terrorism poses to peace and stability of the region. There is a hope that in near future greater cooperation among the SAARC countries will be maintained in the face of continuing terror attacks. It is understood that a country’s social peace becomes an essential ingredient of economic development and prosperity. As Federico Mayor concludes by saying:

A universal renunciation of violence requires the commitment of the whole of society. These are not matters of government but matters of State; not only matters for the authorities, but for society in its entirety, including civilian, military, and religious bodies. The mobilization which is urgently needed to effect the transition within two or three years from a culture of war to a culture of peace demands cooperation from everyone. In order to change, the world needs everyone. We are one race of human beings, born equal.  

Notes

1. At the UNO’s Legal Committee’s 29th Meeting in November, 2000, several countries responded to the call to define terrorism. Iran noted that some terrorists work under disguised names, including those of human rights, NGOs to find sage haven in other nations. Israel was particularly concerned that acts of bombings were not terrorism if done for national liberation. Congo noted that state terrorism has allowed neighbouring countries to pillage its people’s natural resources. Yemen noted that terrorists attack now seeks to create problem between various nations. Syria noted that state terrorism by Israel had resulted in the deaths of Palestinian women and children. Also see Barker, Jonathan (2005): The Nonsense Guide to Terrorism, Rawat: New Delhi.

2. See Website: http://www.youthnoise.com/My Causes/?cause_id=78&a=index&gclid=CODV5x6ArJFCQ_DbwodLoQQQ.


4. Mr. Riedel noted that there are huge madrassas in Karachi where Mullah Omar could easily be kept. See “ISI Helped Mullah Omar Flee” (2009): The Hindo, November 21, Chennai, p. 18.

5. The Rajinder Sachar Committee was appointed by the Prime Minister to evaluate the socio-economic and other status of the Muslims. The panel report found that the deprived communities lag on all socio-economic indices such as education, health, employment, credit, infrastructure and public programmes. On the
condition of Muslims, the seven-member committee has found that the Muslims have had to bear the brunt of the so-called competitive forces unleashed by liberalization, despite the economic boom that has taken the country to far way. According to the report, India is going through a high growth phase and this was the time to help the underprivileged to utilize new opportunities through skill development and education. It added that the lack of access to critical infrastructural facilities is a matter of concern for the Muslims. The committee report also advocates that a group of Muslims with traditional occupations as that of SCs be designated as Most Backward Classes (MBCs). On the educational deprivation faced by Muslims, the panel notes that from lower levels of enrolment to a sharp decline in participation in higher levels of education, the situation of Indian Muslims is indeed very depressing compared to other socio-religious groups. It has also recommended to the University Grants Commission that it should evolve a system where part of the allocation to colleges and universities is linked to the diversity in the student population.

7. Website: http://www.youthnoise.com/MyCauseIs/?cause_id=78&a=index&gclid=CODVxc6AjUCFQ_DbwodU28QrQ

References
Accelerating Growth through Inorganic Means: Lessons from the Asian Region

Surinder Pal Singh

Introduction

The majority of Asian economies have continued to benefit from strong economic growth which has filtered into the M&A markets, with little sign of this momentum ceasing in the near future.

This paper discusses the rationale behind the M&A activity in the Asian region and the benefits for adopting this route. It concludes with some comments on the ways & means to achieve success in the M&A activity.

Why is the M & A activity growing in the Asian Region?

Easing of Regulations:

Historically, regulations governing mergers in Asia were restrictive but with the economic liberalization in the area, deregulation has speeded-up. In India – a country largely untouched by financial problems that have hit other economies – foreign companies are now allowed to acquire controlling stakes in publicly listed Indian companies. In Thailand, it is now easy for foreigners to buy majority stakes in any of the country’s commercial banks and finance companies. This superseded an earlier ruling that foreigners could take majority shareholdings only in troubled institutions and that their bids would be considered case by case. Similarly, South Korea has raised the limit on foreign ownership in local companies to 55% as part of an attempt to attract foreign capital to help it overcome its debt crisis.

Restructuring of Family-owned Businesses: Family-owned businesses have long played an important role in many Asian economies. In South Korea, the top ten chaebol contribute almost two-thirds of GDP. In India, seven of the top ten private companies are family-owned, and the top 50 family-owned business groups account for 30% of total industry turnover. These businesses once thrived in a protected environment where political connections mattered more than business acumen. But, this resulted in markets dominated by networks of privileged companies, many of which were not able to face competition from overseas. The outcome of this impacted the entire region which started witnessing an increasing trend of local governments introducing incentives to stimulate M&A activity in their countries.

Sale of State-owned Companies: State-owned companies account for a large proportion of most Asian economies. Generally, their performance has lagged behind that of private sector counterparts and they have rarely returned their cost of capital. In China, over 40% are said to be losing money where as in India, the estimate is half.

Privatisation is being seen as a way of raising performance as well as government funds. Aggressive privatization programmes are under way in several Asian countries. For example, Pakistan announced plans to offer stakes to foreign companies in the Water & Power Development Authority, Pakistan State Oil, Habib Bank and Pakistan telecommunications. Even in India, where privatization activity had been relatively limited, the government has sold stakes in more than 40 companies. In South Korea, stakes in state-run companies including Pohang Iron & Steel Company, Korea Telecom, Korea Gas Corporation and Korea Heavy Industries & Construction Company are up for sale.

Although most governments prefer to find local buyers for national assets, some have little choice but to accept foreign investors.

Overcapacity: Booming demand from an increasingly affluent Asian middle class has attracted foreign investment of more than $500 billion into the region. The 20% annual growth rate of this incoming capital outstripped GDP growth, had led to severe over-capacity in many industries. This excess capacity has prompted struggling companies to consider sell-offs and offer acquisitive companies a relatively cheap way to buy in. For example, Honda acquired Peugeot’s 22% equity stake in a loss making manufacturing plant in Guangzhou province, Southern China, for less than half of the investment required to build an identical 50,000 car capacity plant from scratch. Honda believes it will fare better than Peugeot because it has a network of local suppliers, and has gained production and sales experience in China through previous joint ventures such as that with Wuyang-Honda, a manufacturer of engines for motorcycles.

De-regulation of Fragmented Industries: Many industries across Asia are highly fragmented and uneconomic in scale. For instance, the average Chinese paper company is a mere one-fifteenth of the size of its US counterpart. China’s consumer goods and pharmaceutical industries are similarly fragmented. These small companies have survived in markets shielded from open competition, but as Asia’s economies integrate with the global economy and multi-nationals enter local markets, their future is threatened. To give them a fighting chance, Asian governments have been encouraging and sometimes forcing smaller companies to merge.

Sometime back, Malaysia introduced a scheme to encourage mergers among banks, in the run-up to the situation when the banking industry would be opened to foreign institutions in line with WTO directives. The message was clear: merge or die.

What Value-creation does the M&A Route Provide to the Companies in the Asian Region?

Improved Operating Performance: Research shows that operating performance in several Asian countries is far weaker than it is in the West. Even in countries like India and China, it is estimated to be as low as 5 percent of US levels. This poor operating performance means that there are opportunities for companies with strong core operating capabilities to buy poor performers,
Choosing private equity partners who have the required insider capabilities. In return for their investment, knowledge and experience of the local business environment, private equity partners are likely to seek a high investment return.

(b) Management of Uncertainty – To manage the high degree of uncertainty that currently exists in some Asian countries, buyers must define and monitor specific indicators to get an early warning of the scenarios that might unfold, then develop contingency plans that allow them to protect themselves in worst case scenarios, but to maximize any possible gains.

(c) Assessment of Quality of Potential Targets - It is necessary that a company should be worth the price which a buyer is ready to pay for it. But assessing companies in Asia can be fraught with problems and unfortunately, several deals have gone bad as buyers failed to dig deeply enough. Conceded high debt levels and deferred contingent liabilities have resulted in large deals destroying value. In those cases where buyers have undertaken detailed due diligence, they have been able to negotiate prices as low as half the initial figure.

Due diligence is often difficult because disclosure practices are poor and companies often lack the information which buyers need. Most Asian conglomerates still do not present consolidated financial statements, leaving the possibility that sales and profit figures might be bloated by transactions between affiliated companies. The financial records that are available are often unreliable, with different projections made by different departments within the same company and different projections made for different audiences.

GE Capital, the financial services arm of the General Electric Company, has used this approach to expand its business rapidly over the past ten years. In Asia, its targets have included United Merchants Finance of Hong Kong, SRF Finance of India, PT Astra Finance of Indonesia and GS Capital Corporation of Thailand. By improving systems and processes, lowering the cost of funds by virtue of its superior credit rating, and introducing a strong performance ethic, GE Capital swiftly improved results. Most of these acquisitions were privately owned, making performance figures hard to come by. However, it is recognized that GE Capital has turned around the performance of many of its Asian targets, and that several have already won leadership positions in their markets.

Haier, China’s largest white goods company, has completed more than 13 acquisitions since 1991 using the same strategy, and today boasts sales of about two and a half times greater than those of its nearest rival. Haier typically buys loss-making companies with fundamentally sound products, then applies its operating and brand management skills to enable it to charge premium prices. A strong distribution network in all China’s leading cities and some 7000 sales points abroad, increases its product reach.

Economies of Scale: As industries such as pharmaceuticals and banking that could exploit scale economies have long failed to do so in several Asian markets, there is tremendous potential for buyers to create value by acquiring small companies and consolidating manufacturing, distribution and selling.

Rashid Hussain Bank of Malaysia has created value in this way. In 1990, when it was still a broking house, it acquired a controlling 20 percent stake in DCB Bank. By 1996, it pulled off the country’s biggest ever banking merger by combining DCB Bank with Kwong Yik Bank to create Rashid Hussain Bank. The resulting scale won the new entity “tier 1” status under Malaysia’s new banking scheme, and synergies across its businesses.

Restructured Industry: Lack of competition has enabled local companies to thrive despite poor products and services. Therefore, there are opportunities for buyers to acquire these companies with the principal aim of not only improving existing businesses or capturing synergies, but of building entirely new business models.

Hindustan Lever Ltd. is changing the face of India’s ice-cream in this way. A few years ago, the market was the preserve of small regional ice-cream makers. After acquiring them, Hindustan Lever now boasts a market share of about 70 per cent and is expanding its product range, investing heavily in advertisement and promotion to build stronger brands, and improving refrigerated transportation and retail cold storage facilities to increase product shelf-life and market penetration. What used to be a slow-growing, fragmented market, is now expanding by more than 20 percent a year.

Although Hindustan Lever is creating some value by improving the acquired businesses and capturing scale economies, most of which will be derived from (a) the way the company transforms the industry (b) creating a market for a higher-quality product & a broader product range (c) boosting demand to new levels.

Which resources are required by companies in the Asian Region to achieve success in their M & A efforts?

Funds are an obvious requirement for would-be buyers. Raising them may not be a problem for multi-nationals able to tap resources at home, but for local companies, finance is likely to be the single biggest obstacle to an acquisition. Financial institutions in some Asian markets are banned from lending for takeovers, and debt markets are small and illiquid, deterring investors who fear they might not be able to sell their holdings at a later date. The credit squeeze and the depressed state of many Asian markets has only made an already difficult situation worse.

However, apart from funds, a successful M&A growth strategy must be supported by three capabilities: - (a) deep local networks (b) ability to manage uncertainty (c) skill to distinguish worthwhile targets

(a) Local networks – As doing business in Asia is still driven by relationships, only companies with local market networks, will hear about the best deals and those that have a personal relationship with the seller, will be invited to bid for merger. Relationships that deliver these kinds of privileges are often the product of networks developed over decades and give companies that enjoy them an undeniable lead over foreigners in these markets. But less fortunate companies cannot afford to throw up their hands in despair and try to manage without it.

One way to go about the task is to hire and develop a high-performing team of local managers who have ready-made insider networks. Another option is for companies to
The economic climate has made things even worse as some companies desperately conceal liabilities or grossly overstate assets in a way that is hard for outsiders to detect. Moreover, seeking recourse under the local judicial system is likely to be slow and frustrating. Therefore, the best solution is prevention i.e. taking more time over due diligence than it is likely to be normal elsewhere. For example, GE Capital had to spend more than three months on due diligence for an acquisition in Asia whereas in the West, this process would have taken no more than a few weeks. Further, buyers should complement their own efforts with those of local experts especially in the areas of tax, accounting and compliance. Accounting items particularly debt, inter-company advances, payments due to creditors and contingent liabilities, need to be probed in greater detail. For this purpose, detailed interviews with customers, suppliers and financiers can be valuable sources of information to validate data from the target company. In short, it is better to spend time and resources on checks at the outset than face surprises and huge losses later on.

Concluding Remarks

The Asian region is characterized by a diversity of cultures, business practices and regulatory environments. Executing successful M&A transactions in this market requires a combination of in-depth knowledge of the region’s long term potential, the courage to move quickly in the unknown & turbulent waters and finally, have the staying power.

Book Review


Pencilling in Shakespeare so as to understand and contour the fine lines of international politics may not look all that same an endeavour at the very first take. This would seem no less than a laughable caricaturing for an even ludicrous cause. However, the consummation of the aforementioned task would lie in resuscitating what was etched by the master himself:

‘All the world’s a stage;
And all the men and women merely players’

If borrowed into the lexicon of international relations and understood in terms of the ever cascading, turbulent waves perpetually lashing on the shores of international relations, it unambiguously signifies the so-called insignificant, denotes the so-to-say implicit and reveals the concealed, something that the ‘hawkish’ world firmament is gingerly acknowledging-the flight of the ‘doves’. It would be unwise to grope for long in the dark as this risks pushing the obvious to the oblivion that which is demanding to be heard, that which is trying to carve a niche of its own in the international political amphitheatre, that task which the book under review in the present work accomplishes triumphantly. Further explication of the words of the master would be gratuitous. ‘Changing World Order’ deals quintessentially with the varied aspects of the European Union and the work in-toto raises to the surface important issues. The magnitude of its substance can be underscored by the veracity that these perspectives encompass within their fold about the changing world order that necessitates a delve into it. Extending what the master had to say then, to the realm of international politics, we may identify the analogy such that the stage of international politics now is witnessing the rise of new players-new non-state players like the European Union, who are driving home the emergence of a multipolar world order which is conducive to, tolerant to and hopeful of a new regime of human rights, rule of law, good governance and so on. This work is indubitably in keeping with the earlier works of the authors and that is to say that one shall find it equally, if not more, meritorious, notable and worthy of intellectual perusal.

Lucid and succinct, the book handles various themes within each of its five sections. The first section having been befittingly christened as ‘EU-Democratic Experiments and Experiences’, discusses at length and churns to the fore various facets of the democratisation process that have touched upon the European Union. Robert Etien unbolts the convergence amongst three notable democracies-India, US and France to open with. Claudine Moutardier in her work pushes forth the signification of transparency in democratic set-ups and especially the European Union. Suggesting a remedy to the existing hiatus in the Union’s documentation, she envisions a transformation in the opaque and ‘undemocratic’ image of the Union. This conception is carried forward by Charles Reiplinger in his ‘It’s Fun to Comply with the Foreign Corrupt Practices Act’, taking the South Pars case, writes of the highly protean
implementation of the act which has rendered the international trade and economic arena highly erratic, creating differences between the European Union and the US regarding sanguine significant issues, multilateralism figuring as the most momentous. Hugo-Bernard Pouillaude touches upon the issue of foregrounding national sovereignty vis-a-vis intergovernmental organisations and studies Poland in this light as Poland, in piloting its national interests, appears to have at times ardently supported the European Union and at other times stood anachronistically opposed to it. This he traces to the absence of a strong shared commonality, towards whose creation the member states should take leaping strides. Pierre-Yves Monjal, in his works, draws attention to the European Union as an admirable and remarkable regional organisation, strong institutionally and politically, which exercises its competences, formulates its policies and implements them with great incisiveness. Citing these and several other legal arguments he with conviction and dexterity attempts to vindicate the European Union of claims of democratic deficit levelled against it.

The edifice of gravity that the work demands is brilliantly laid out in the spectrum of ideas flowing into the first few pages itself and this sobriety brooks its way into all that is to follow, pervading the work in its entirety. Thus, chronologically the second section, ‘Institutional and Constitutional Questions’, is a delight not merely for constitutionalists but also for political scientists. Packed with heavyweight legal action contemporarily engulfing the European Union, it leads Julien Sterck and Patrick. B. Griffin to deal with constitutional reform of the EU vis-a-vis the recently held referendum and the Lisbon treaty with their unique flavour in their respective papers. While for Sterck, the sounds being made in Europe rejecting the treaty appear positive, to Griffin it seems mere cacophony with the European Union playing the ‘Bad Bard’. Sterck feels that the French rejection to the treaty evinces the vibrant constitutional life of the nation and is not something to mourn about. It is the perception of the ongoing constitutionalisation of Europe rather than a premonition of its demise. However, Griffin argues, and equally powerfully, that it may not actually be such a positive stance as this state of affairs was after all a culmination of the undemocratic practices observed and followed by the European Union at different points in time.

The third section that deals thematically with the common foreign policy and external relations of the European Union speaks of the existing divergence in the approaches of the European Union and its age old partner, the United States of America to foreign policy and international relations. Where for the European Union, a multipolar world is an end to aspire for, the United States of America is propelled solely by its national and security interests and this manifests itself in its high handed and volatile exploits undertaken in the realm of international politics. B. Krishnamurthy’s paper on European common foreign and security policy vividly conveys the idea that Europe’s commitment to multilateralism is in many ways a boon to the developing world which was as yet wedged and asphyxiated by whimsical American unilateralism. This holds true especially in the Indian case. The sentiment is vociferously echoed in the work of Scott Erb. He subjects German-American relations through time to an acid test. This assaying allows one to make the inference that Germany has viewed the arena of international politics through the prism of multipolarity and the United States of America, through unipolarity. It is here that the relationship has been fraught with complexities and trouble. This was so also during the Cold War (when the USA wore a starkly military attire) and it is in situ even now. Erb portends the flattering of the Atlantic alliance and consequent cataclysms in case this is not remedied in the face of twenty first century economic transformations.

The fourth section tries to place the European Union vis-a-vis postcolonial developments and assumes the ‘third eye’ in gauging several enmeshed intricacies. The parturition that was in the latter half of the twentieth century, saw the conception of the developing world, which tried to venture into unknown waters and tread on hitherto uncharted courses. This was essentially the Indian case. In her work, Geetha Ganapathy Dore has brought to the fore the inconvenience associated with being Procrustean. She juxtaposes differing ‘Third Worlds’ through her twin papers. While analysing India and the European Union in one, she speaks of the Mediterranean Union and the European Union in the other. The common underlying thread being that the European Union extend its friendly hand to the developing world instead of obfuscating the relationship by merely demeaning it as its economic or political rival, as the relationship would not only be mutually beneficial but also extend to and trickle down to several other unanticipated quarters-the Muslim World; a concept which Shazia Aziz Wulber deals with in her ‘Comparison of Indian Muslims and Muslims Living in the European Union Countries’. However, despite Geetha Ganapathy Dore’s persistent assurances of the Mediterranean Union’s pleasant outcome, Abdoulaye Wade’s words, that the Mediterranean Union is an attempt to ‘amputate the continent of its northern side’ continue to reverberate and are hard to miss; especially because the grounds for such assurances appear debilitated, feeble and inadequate in confronting grassroots realities of a heterogeneous third world.

The locus of attention in Section five of the compendium is the domain of human rights. The European Union commands authority as a propounder of human rights and it believes that it is this pro-human rights perspective that renders it distinct in world fora. The European Union considers itself an heir to this historical and civilisational product and it is with great acumen that this visage of the European Union has been read. P. Marudanayagam, in his work, dwelling on a critical review of literature, charts out the European historical and civilisational trajectory of the idea of human rights as emerging from within the folds of Milton’s multifacted works. In the paper that follows, Iver Neumann raises sanguine fundamental questions, visibly broadening the horizon of the issues to be handled within the larger spectrum of human rights. Shedding light on the crisis in Kosovo, his work bears theoretical underpinnings and initiates in the context of the humanitarian interventionist debate, the question of prerogatives versus the plebeian with respect to human rights. The question of legitimate claims is central to his understanding and the current work on human rights. His arguments appear to fall in place and
explicate much while speaking of vivacious multiethnic, multilingual as well as multi-party as well as coalition democracies of the likes of India with social movements, struggles for social justice and political exertions unfolding rapidly.

The epilogue is a summation of the profundity that the book showcases. It is a brainstorming of sorts and elaborates in depth the idea of the trialogue between the European Union, India and the US which the authors envisage as an advantageous international development. This idea that facilitated the undertaking of a work of this denomination in the first place, strives to rattle the reader out of his ensconce and slumber. To this effect, the book cajoles one to broaden ones intellectual diaspora and assists in the process by taking note of five questions, the answers to which help in understanding this maturing. Self introspection on part of each of the three and an analysis of each of their perceptions helps shed light on the points of convergence and divergence in their thoughts and action. It is within the ambit of this, that B. Krishnamurthy, names democratisation, human rights and market economy as points of their converges. The ends are the same albeit differing means and perceptions. He singles out this difference as providing points of divergence-even in undertaking action in the international arena. Speaking of the ‘End of West’, he moves on to the factors necessitating a Trialogue between the three-the European Union, India and the US, judging it as more pragmatic and essential in redeeming transatlantic relations and the developing world.

He concludes with an affirmative hope, faith and belief in this Trialogue with regards to the creation of a ‘democratic and just new world’. A compulsive page-turner, it compels the reader to partake of the ideas elaborated. Its optimism is contagious and one finds no rationale to desist the temptation to succumb to it and share the vision.

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