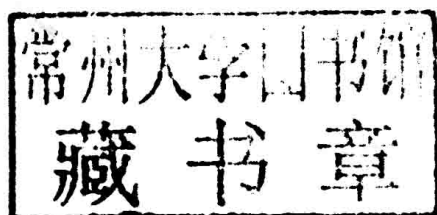# Globalisation and Governance in India

New challenges to society and institutions

Edited by
Harihar Bhattacharyya and Lion König

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This book examines the impact of globalisation on some vital aspects of Indian politics – its structures and processes – and identifies the challenges to globalisation itself in order to highlight India's complex and fascinating story. In 1991, India officially embraced the policy of neo-liberal reforms by signing the General Agreement on Trade and Tariff (GATT), which exposed the country, its society, culture, and institutions, to the various forces of globalisation. Globalisation as such may not be new to India, for the country has been experiencing the impact of external cultures and civilisations for millennia, but the post-1991 reforms policy marked a significant shift from a predominantly social welfare state and a command economy to a predominantly market-driven one.

Through a range of disciplinary perspectives, the authors analyse how India's version of secularism, communal harmony, nationhood, the public sphere, social justice, and the rights of aboriginal communities came under attack from the forces of the new dispensation. The book goes on to show how globalisation in India has posed fresh challenges to the political economy, democracy, federalism, decentralisation, the parliamentary system, the judiciary, and the parliamentary Left.

Critically reflecting on themes in the context of India's globalisation that are local, regional, national, and global, this book will be of interest to those in the fields of South Asian politics, globalisation, and international relations.

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Routledge Advances in South Asian Studies
Edited by Subrata K. Mitra, *South Asia Institute, University of Heidelberg, Germany*

South Asia, with its burgeoning, ethnically diverse population, soaring economies, and nuclear weapons, is an increasingly important region in the global context. The series, which builds on this complex, dynamic, and volatile area, features innovative and original research both on the region as a whole and on the countries. Its scope extends to scholarly works drawing on history, politics, development studies, sociology, and economies of individual countries from the region, as well as those that take an interdisciplinary and comparative approach to the area as a whole or to a comparison of two or more countries from this region. In terms of theory and method, rather than basing itself on any one orthodoxy, the series draws broadly on the insights germane to area studies, as well as the toolkit of social sciences in general, emphasising comparison, the analysis of the structure and processes, and the application of qualitative and quantitative methods. The series welcomes submissions from established authors in the field, as well as from young authors who have recently completed their doctoral dissertations.

Illustrations

Figures

Tables

Abbreviations

ADB	Asia Development Bank
ADC	Autonomous District Council
AIADMK	All India Anna Dravida Munnetra Kazhagam
AIR	All India Reporter
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of South-East Asian Nations
BALCO	Bharat Aluminum Company
BJP	Bharatiya Janata Party
BRICS	Brazil, Russia, India, China and South Africa (Association of Emerging Economies)
CCDI	Comprehensive Composite Development Index
CMP	Common Minimum Programme
CNPC	China National Petroleum Corporation
CPI (M)	Communist Party of India (Marxist)
CPI (ML)	Communist Party of India (Marxist-Leninist)
CPI (ML, Liberation)	Communist Party of India (Marxist-Leninist, Liberation)
CPI	Communist Party of India
DMK	Dravida Munnetra Kazhagam
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act
FERA	Foreign Exchange Regulation Act
FICCI	Federation of Indian Chambers of Commerce and Industry
GAIL	Gas Authority of India Limited
GATT	General Agreement on Trade and Tariff
GDP	Gross Domestic Product
HDI	Human Development Index
ICHRP	International Council for Human Rights Policy
IMF	International Monetary Fund
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
LFG	Left Front Government
LNG	Liquefied Natural Gas
MNC	Multinational Corporation

MNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
NDA	National Democratic Alliance
NEFA	North-East Frontier Agency
NEP	New Economic Policy
NGO	Non-Governmental Organisation
NRIs	Non-Resident Indians
OBC	Other Backward Class
PEPSU	Punjab and East Punjab States Union
PIL	Public Interest Litigation
PPP	Public-Private Partnership
RSS	Rashtriya Swayamsevak Sangh
RTE	Right to Education
RTI	Right to Information
SAARC	South Asian Association for Regional Cooperation
SAP	Structural Adjustment Programme
SC	Scheduled Caste
SCO	Shanghai Cooperation Organization
SEZ	Special Economic Zone
SIPRD	State Institute for Panchayats and Rural Development
SRC	States Reorganisation Commission
ST	Scheduled Tribe
TMC	Trinamool Congress
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UFCs	Union Finance Commissions
ULB	Urban Local Bodies
UNDP	United Nations Development Programme
UPA	United Progressive Alliance
USAID	United States Agency for International Development
WTO	World Trade Organization

Glossary

Adivasis Literally, original inhabitants; India's aboriginal communities

Anaganaga O Dheerdu *Once Upon a Time There Was a Warrior*, the first Oriya film co-produced by Disney in 2011

Ayudhapuja An integral part of the Hindu Navratri festival. It entails the veneration of implements, machines, weapons, books, and musical instruments.

Chakalis A sub-caste of the *dhobi* caste.

Dalits Former 'Untouchable' communities in India, usually known as Scheduled Castes; nowadays, the category is used to include India's aboriginal peoples

Dhobi Caste of washers

Doordarshan Indian Public Broadcaster

Gram Sabha Assembly of all voters of a village (Gram)

Gram Sansad Literally 'village parliament'; a constituency-based assembly of voters under *panchayats* in West Bengal since 1994

Jal jangal jameen Water, forests, land

Katikaparlu A caste engaged in burying the dead

Kaun Banega Crorepati The Indian version of the TV show *Who Wants to Be a Millionaire?*

Malguzaree A land revenue system introduced by the British colonial authorities

Mazdoor Kishan Shakti Sangathan An organisation of peasants and workers

Mulki An Urdu word meaning 'residents of a nation'

Panchayati raj Rule of *panchayats*

Panchayats Local rural self-governing institutions in India

Reiats Also known as 'ryots'. Tenant farmers who provided the government with a fixed rent from the produce of the land.

Salwa Judum 'Peace March' or 'Purification Hunt' in the Gondi language; nowadays referring to a militia targeting Naxalite violence in some Indian States at the connivance of some State authority.

Zindegi Na Milegi Dobara A 2011 Bollywood film set in Spain which was a box office hit.

Preface and acknowledgements

Sea changes have taken and are continuing to take place in the Indian polity, its structures, institutions, and processes, as well as in its society and culture, due to the interrelated processes of globalisation and economic liberalisation. In the crucial post-1991 phase, globalisation triggered changes in different aspects of the political life of this most complex federal democracy in the world. The most distinctive aspect of this phenomenon is that India has opened up while being governed democratically, not simply at the national level, but also at the level of States and localities. Although the structural arrangements of governance in India are in flux, the democratic processes from below have been increasingly assertive. Added to this is the country's diversity, its identities, castes and communities, and its inequalities and hierarchies, which do not constitute fertile grounds for working out the processes of globalisation. The story of making globalisation work in India is therefore very complex and wrought with a host of intricate problems and obstacles. The conventional texts on Indian politics, in most cases, are insufficient, if not inadequate, to comprehend this fast-changing scenario.

This collection of chapters written by both well-established scholars in the field, and young ones with detailed knowledge on the subject is the first attempt ever made to examine the impact of globalisation on some vital aspects of Indian politics, its structures, and processes, and to identify the challenges to globalisation itself in order to bring to the notice of informed observers and the policy community India's complex and intriguing story of globalisation. The book brings together different perspectives on the subject: political science, sociology, public administration, juridical, and cultural, which has added interdisciplinary breadth to the endeavour.

The foreword to the book, written by Sudha Pai, Professor of political science, Centre for Political Studies, and Rector, Jawaharlal Nehru University, has added further strength to the collection. She deserves our sincere thanks and gratitude for agreeing to write it for us.

In the course of preparing the book over the last year and a half, we have incurred our debt to many institutions and persons. We are thankful to our authors for the patience that is required in such efforts and for complying with our requests for revisions. We are particularly thankful to authors who responded positively to our invitation to contribute and responded to our queries of many sorts with grace.

We also wish to extend our gratitude to Subrata K. Mitra, Professor Emeritus, Department of Political Science, South Asia Institute, Heidelberg University, Germany, for his inspiration and help at critical stages of the editing process.

The job of editing books is onerous, particularly so when one has had to do it without any sabbatical or leave and in the midst of carrying out the daily tasks of semester-based teaching, marking, and other related activities. Needless to say, the family pays some price for it at the end of it all. We crave forgiveness!

Last, but certainly not least, we also wish to extend our sincere thanks to Jillian Morrison of Routledge (London) for her patience and support.

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Foreword

Globalisation has been a dominant force worldwide since the 1980s, although its impact on the Indian polity has been felt to a greater extent since the 1990s. Globalisation has had both a multi-dimensional and multi-level impact on India's institutions and processes; in addition, it is taking place in a society characterised by mass poverty and regional and social inequalities, making it complex and uncertain. Much scholarly attention has been directed to understanding the direction, pace, and extent of change that globalisation has introduced in India. The essays in this volume examine the impact of globalisation on our democratic system, ranging from decentralisation, various aspects of governance, regional movements, cultural change, politics of identity, policing, judicial review, and extremist violence. However, a common denominator running through the essays is globalisation, which constitutes the overarching phenomenon within which all other changes are seen as occurring.

Globalisation is a concept that stands for tremendous diversity of issues and problems and has been interpreted from a variety of theoretical and political positions. Yet, both modern and post-modern theorists recognise that the world today is increasingly organised according to the terms set by globalisation, which is strengthening the dominance of a world capitalist economic system, supplanting the primacy of the nation-state by transnational corporations and non-governmental organisations (NGOs), and eroding local cultures and traditions through a global culture. Some scholars see it as a central and irreversible process, a new epoch of history in which traditional nation-states can no longer function independently of one another. A more balanced view believes that globalisation is 'transforming' the world, seeing it as a driving force behind the rapid social, political, and economic changes that are reshaping modern societies and the world order. There has also been a resurgence of ethnic identities in the political arena based on language, tribe, and community, not only in countries of the developing world, including India, but also in many developed countries. Globalisation promotes a global culture, whereas ethnic identities promote the local, the parochial, the 'other'. It is a two-way process with outside forces impinging on the country along with changes within.

In India, the process of globalisation has some distinctive features and characteristics, some of which are explored in this volume. What is unique is that

together with globalisation, some fundamental shifts in various areas of our democratic life have taken place simultaneously and have affected all sections of society, not merely the elite: heightened political awareness, encouraged civil society activists, and social media sites. Two key processes of democratisation and regionalisation of politics – which have been active since independence – have affected the functioning of our democratic polity. These accelerated in the 1980s, contributing to the breakdown during the tumultuous decade of the 1990s of the cardinal features of the Nehruvian period: the single-party system, secularism, and socialism. These changes provided room for the rise of narrower parties based on identity and coalition governments at the centre and the States. Consequently, the 1990s constituted a decisive shift, a period of transition, when the collapse of the older polity triggered a number of changes with enormous implications for national and State politics. Because these developments took place at the same time as globalisation, the two processes have closely interacted with each other. Primordial identities based on caste and community drove mass politics as political parties mobilised along the lines of social cleavages dividing the electorate. An upsurge from below created a new identity for the *dalits*, brought the Other Backward Classes (OBCs) into politics, and questioned the position of the higher castes – developments that led to a considerable deepening of democracy and the rise of lower-caste parties. The construction of the ideology of Hindutva by the Bharatiya Janata Party (BJP) and the politicisation of the Ram Mandir issue created communal conflict and violence. The reappearance of communal conflict in Uttar Pradesh since 2012 has once again created insecurity. A number of protest movements have also taken place in the 2000s, such as the farmers' movements against land acquisition for Special Economic Zones (SEZs), movements against big dams and nuclear plants, and, more recently, the Anna Hazare movement against corruption.

Yet at the same time since the early 2000s there has been a weakening of primordial identities in the Hindi heartland leading to demands for development. The BIMARU States are now keen to catch up with the faster-growing States of western and southern India, although this process will take time and considerable effort due to decades of neglect. The context in which globalisation is taking place has changed. A new, post-Congress polity has emerged in which multi-party competition has changed the structure of electoral competition, provided space for the rise of new social identities that have played a greater role in national politics, and loosened the tight mould of federalism cast at independence.

With globalisation, the rise of neo-liberalism, and the adoption of economic reforms, a different understanding of governance has appeared in the discourse on development since the 1990s in India, which contributors in the volume critically analyse. Notions of Good Governance mooted by the World Bank – which advocate a single fit for all polities – have been challenged by attempts to build governance systems more suited to Indian working conditions. There is also a growing recognition that the process of governance is not neutral, but affected by culture, which can impede or assist the process of reform. Although the role of the Indian state as an interventionist and welfare state has come to be undermined

with the play of market forces, welfare programmes have not been abandoned and new ones have appeared. As a result, despite the advocacy of a more broad-based model of governance – which provides greater room for market forces and civil society – the state remains central to the process of development. It needs to provide law and order, rules and regulations, and maintain control over competitive market forces.

At the same time, globalisation has political and sociological aspects which many essays highlight. Together with regionalisation, it has affected the relationship between the centre and the States, affecting the functioning of our federal polity. Regional parties are now competing in many States with national parties and, as members of central coalitions, have also become partners in national governance. As a result, national parties, particularly the Congress, have found it difficult to run a coalition government. Methods of democratic governance under the Congress-led United Progressive Alliance (UPA) underwent a marked change with the creation of the National Advisory Council (NAC) and Empowered Groups of Ministers (EGOMs) replacing the conventional working of a Cabinet or prime ministerial form of government. At the same time, the Prime Minister's office (PMO) is becoming very powerful. India is slowly evolving its own system of coalition governments, which, it is hoped, will provide greater stability and effective policy making.

A major outcome of these developments to which the volume draws attention is the seminal position occupied today by the States of the Indian Union in national politics. The States have become conscious of their autonomy and collective voice against the centre; following liberalisation they have achieved greater financial freedom; with the establishment of a market economy, there is greater competition over access to common resources or in attracting private investment – both domestic and international. Under the constitutional division of powers, decision-making related to the sectors that are central to the reform process – infrastructure, power, agriculture, education, and so on – lie with the States. With the dismantling of centralised planning and controls, there has been a progressive devolution of power to the States, which makes gaining their support crucial for the successful implementation of reforms. Consequently, there is a growing consensus that if economic reform is to succeed, it must be properly implemented in the States. However, this is not easy, as different parties are in power in the States; State governments are much closer to the electorate and more vulnerable to instability arising out of pressures by economic interests, conflicting pressures, and diverse local interests. Accordingly, the process of economic reform has shown immense regional variation in terms of pace, extent, and direction, with states being categorised as fast reformers, intermediate reformers, and lagging reformers.

Studies also indicate that India's developmental failure or recent successes cannot be credited to the policies framed by the central government; due to the federal structure, it is as much the result of varying political choices by regional elites and regional political competition. The two simultaneous shifts in the 1990s – liberalisation and the emergence of a regionalised multi-party system – have resulted in the gradual creation of a federal market economy. In this the States enjoy a

greater share of economic sovereignty while the centre is moving from an interventionist to a regulatory state that enforces fiscal discipline, accountability, and transparency. Consequently, performance by the States now depends on themselves to a much greater extent. They need to address the major challenges posed if liberalisation is to succeed. The most pressing tasks include the improvement of the policy environment, and the development of infrastructure and human resources to attract investment, while at the same time ensuring the necessary measures of fiscal discipline imposed by the centre, as well as by international and domestic credit-rating agencies. The States are on a learning curve, gradually realising that both competition and cooperation are required in the new federal dispensation.

These multi-faceted changes since the 1990s have encouraged demands for the creation of smaller States out of the large ones created by the States Reorganisation Commission at independence. The rise of new elites from among the newly emerged middle and lower castes/classes has created a highly competitive electoral politics within which regional/state-based political parties have staked their specific demands for political power. Earlier, 'reorganisation' was situated in the context of a socialist state with centralised planning. Presently, liberalisation and the emergence of a market economy have given greater room to the private sector and financial autonomy to these ruling elites. Consequently, whereas many unresolved issues led to demand for the creation of new States earlier, today as many as thirty such demands are pending for consideration before the central government. With the creation of three new States in the year 2000, demands for several other States have begun to voice their agitation more explicitly. These demands indicate a shift away from language and culture that shaped the earlier process of reorganisation to one driven by the needs of economy, better governance, greater accountability, and desire for greater political participation. These developments underlie the demand for a second States Reorganisation Commission that could redraw the federal map of India in keeping with the needs and aspirations of the new regional elites.

Against this backdrop attention has been focused on the sharpening of regional disparities and their relationship to economic reform. Although some scholars argue that regional disparities are a result of the unequal patterns of investment in the colonial period that the post-independence state has not been able to remove, others point out that liberalisation has increased these differences as the better-off States have made use of opportunities under globalisation and moved ahead faster. This has sparked a debate over whether there is evidence of 'convergence' in development among the States or 'divergence' due to accentuation of regional disparities in social and economic development. Regional disparities are also responsible for conflicts and movements against the state, including the Maoist movements in parts of the country. Nevertheless, globalisation can function as a positive force; dilution of controls and a variety of tax reforms have created a national market and generated revenue for loan waivers and welfare programmes such as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in the States. Over the last decade India has entered a higher growth path, but scholars remain divided over its sustainability and whether the benefit of this change has reached the poorer sections.