

MAJOR, MULTIDIMENSIONAL, SYSTEMIC

By Sumit Chakravartty

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“India, the planet's second most populous nation, has stumbled into the most serious crisis in its 44 years since independence from Britain. The slide towards chaos has occurred largely unnoticed by the West, preoccupied by months of fast-placed events in the Persian Gulf and central Europe. Yet the upheaval in India is every bit as profound as the Soviet Union's disintegration, and seems certain to alter the future course of events in the country in unsettling ways.

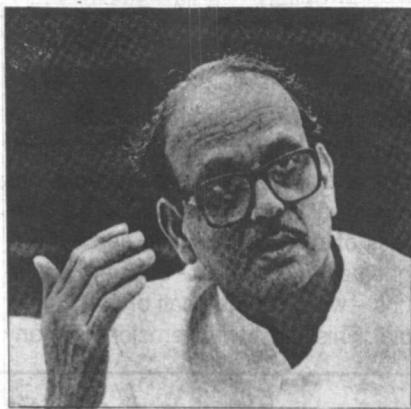
“The gathering political and economic crisis is composed of a comparatively sudden, simultaneous avalanche of troubles: caste unrest, religious rioting, rising inflation, an economic slump, incipient government bankruptcy and tenacious regional revolts. In the past, the system dealt with successive crisis. Now the crisis is the system itself.”

That was James Clad, former new Delhi correspondent of the *Far Eastern Economic Review*, in a recent article – “India: Crisis In The System” – that he wrote specially for the *Washington Post*. It appeared in the April 14, 1991 issue of the *Guardian Weekly*.

One may or may not fully share James Clad's views but there is no gainsaying that the crisis the Indian polity is currently being subjected to is one of the severest it has encountered in the post-independence years.

Since James Clad wrote the article India has gone through the gruelling experience of elections to the Lower House (known as 'Lok Sabha') of Parliament – the tenth to be held since it first went to the polls in 1952 following its independence on August 15, 1947. These were perhaps the bloodiest elections the

country has endured in the last 40 years, the death of over 50 persons on the first day (May 20) of the three day poll bringing into sharp focus the scale of disturbances that rocked several parts of this vast land-mass. The following night (May 21) Rajiv Gandhi, the former Prime Minister and leader of the largest national party, the Congress – I, was killed in a massive bomb blast in Sriperumbudur, some 42 kilometres away from Madras, the capital city of the southern province of Tamil Nadu. The incident stunned the



V. P. Singh-an Anathema

nation and the election process was interrupted only to be resumed after a three-week gap.

On October, 31, 1984 Rajiv Gandhi's mother, Indira Gandhi, the erstwhile Prime Minister and one of the tallest political figures in post-independence India, was brutally gunned down by her own security guards in a highly motivated terrorist action. The country was plunged in grief and the tragedy was compounded by sections of the ruling party hoodlums going on a rampage with the call for retaliation that claimed a large number of innocent lives of members of a particular community – the Sikhs – to which Indira's assassins belonged. This hapened in several Indian States but particularly in

the Capital city of Delhi. The trauma of 1984 has not been erased from memory even today in the case of those like this writer who were witness to the abominable crimes that followed Indira Gandhi's dastardly murder.

Less than seven years later Indira's elder son, Rajiv, who had succeeded her as the country's sixth Prime Minister after her assassination, met his mother's fate – a victim of terrorist violence – except that the device used in this case was far more sophisticated and deadlier than fire-arms. As a result, Rajiv died a more gruesome and ghastly death that shocked the country into silence. The citizens were literally dumbstruck.

The growing sweep of violence – the most prominent manifestations of which have been the killings of Indira Gandhi and her son – in recent years is just one symptom of the multi-dimensional crisis that has gripped the country. This bears testimony to the failure of the world's largest democracy to meet the mounting challenges before the nation intertwined as they are with the burgeoning aspirations of the people in general as well as the sectional interests of various segments of society.

The country is already facing a major crisis on the economic front. Thanks to the profligacy of the ruling establishment since the mid-eighties, exemplified in the wild spending spree for imports that followed the generalised policy of 'liberalisation' which won wide approbation in the West, India's foreign exchange reserves have markedly depleted of late. The balance of payments deficit on account of the trade imbalance (springing from the phenomenal rise in the import bill even after exports registered some headway) has reached a critical situation.

And yet, instead of addressing itself to this crisis to the economic front with all seriousness, one of the principal parties on the national plane fought the Lok Sabha elections (as also the State Assembly elections in UP, the country's most populous State) on the plank of 'national identity-cum-nationalism' which, in its case, was a transparent pandering to majority communalism. Basically 'nationalism' was

made synonymous with Hindu identity. There is nothing objectionable if one restores or strengthens faith in one's religion while being engaged in the nation-building exercise provided communal sectarianism is not injected into the body politic in the process. However, that is

communalists to come to the fore with the so-called Hindutva (Hindu identity) spirit. The Ram temple issue just provided the pretext to spread that spirit alongside a strident campaign against the Nehruvian concept of secularism, it is contended. While such an explanation has consider-

ladder, the most underprivileged being known as the Scheduled Castes and Scheduled Tribes). The Commission had been set up in 1979 and submitted its Report in 1980. For eleven years the Report gathered dust in government offices with the successive governments of the Congress - I, the largest political party in the country, headed by Indira Gandhi and Rajiv Gandhi respectively, taking a highly ambivalent attitude to it. They continually harped in favour of implementing the recommendations of the Report, but scrupulously avoided doing so in practice. The whole purpose was to keep the backwards in a mood of expectancy so that they did not turn hostile to the Congress - I, and the upper castes were also to be kept in good humour so as to prevent them as well from turning against the Congress - I. However, the National Front (headed by the Janata Dal), on assuming power at the Centre in December 1990, began implementing its Election Manifesto in right earnest striking a departure from past practice. One of the points highlighted in that Manifesto was the implementation of the Mandal Commission, something referred to in the Manifestos of the other parties (including the BJP) as well (but more in the nature of routine presentation of policies and programmes intended to hoodwink the public; for they mostly remain on paper and are seldom translated into reality). It needs to be mentioned, however, that the National Front did not immediately after taking office declare implementation of the basic provisions of the Mandal Commission Report. Instead, it set up a Cabinet Sub-Committee to examine and scrutinise the Report, but once the sub-Committee gave the green signal to implement the Report (at least partially).

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precisely what happened. The communal nature of the campaign conducted by that party was exposed in the party's slogan 'justice for all and appeasement to none' that implied that appeasement to the country's largest minority community – the Muslims – had been accompanied by grave injustices on the Hindu community comprising the majority. This point was in effect driven home powerfully by the open and unadulterated communal propaganda organised with the aid of audio and video cassettes by the middle ranking cadres of the Bharatiya Janata Party (BJP), the party under scrutiny. It was a clear instance of promoting religious strife and discord to serve narrow electoral aims. This of course was amplified in the movement, assiduously built by the party at the grassroots level in North India in particular (most prominently in UP), to construct a temple in honour of the famous god, Shri Ram, by removing a mosque (Babri Masjid) at Ayodhya, Ram's birth place. This movement brought rich electoral dividends to the party (it was able to capture the UP Assembly almost completely obliterating the Congress - I, with the Janata Dal, which had won the previous elections in the State, relegated to the second position). In the process enhanced communal tensions which are already on the rise as a result of a series of riots that have swept across the North Indian states in the course of the past one year.

Communal consciousness

What is the reason behind the sudden spurt in communal consciousness? Experts furnish a number of explanations. The growth in Pan-Islamism fostered by rising Muslim fundamentalism as revealed in the upsurge of religious fanaticism and orthodoxy in Iran has prompted the Hindu

able strength in convincing the public, this writer holds a slightly different view. A meagre step to give a share in power, in an essentially symbolic manner, to the backward and depressed castes still subjected to considerable social oppression threatened to disrupt the fabric of the highly stratified Hindu society based on the caste system ordained by Manu. The dominant vested interests in the Hindu society panicked at the frightful consequences of the step and thus launched a counter-movement to digress the attention of the public, notably the depressed and underprivileged segments of society, from the long deferred issue of 'social justice' that briefly connotes upliftment of the weaker sections. It was a desperate bid to preserve the status quo relying on a highly emotive subject conditioned by mythology and obscurantism.

Mandal

What exactly happened was that in mid-1990, on August 7, 1990 to be precise, the then Prime Minister V. P. Singh announced that his government had decided to partially implement the recommendations of a Backward Classes

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Commission headed by the late B. P. Mandal to look into the question of providing reservations in government services and public sector units to members of the backward communities (who suffer from social indignities in Hindu society even if the intensity of those indignities is less than those meted out to the persons occupying the lowest rungs of the social

V. P. Singh, the then head of the Union Government, did not waste time to make the announcement on the score, keen as he was in drawing the backward populace to his fold.

Initially there was no response in the form of opposition to this move from any political party, for V. P. Singh was right in



"The inability of successive governments to make a real dent into the phenomenal poverty" – Young protesters in New Delhi demand an end to child labour.

pointing out that the Election Manifestos of all the political parties had paid lip-service to the Mandal Commission's recommendations. But as the representatives of the higher castes – especially those of them belonging to the student community – came out in the streets in large numbers opposing the recommendations – the Commission had called for reserving 27 per cent of jobs in the Central Government and public sector undertakings for the 'Socially and Economically Backward Classes' (SEBCs) over and above the 22.5 per cent already reserved for the Scheduled Castes and Scheduled Tribes (SCs and STs) – purely from the standpoint of restriction of their job opportunities, gradually the Congress – I began to orchestrate the movement in conjunction with influential sections of industrial houses keen to oust V. P. Singh from power. (For the latter, V. P. Singh was an anathema as he was unpurchaseable, being impeccably honest, unlike the common politician in today's India.) Thus a spate of mysterious self-immolations took place across the country in protest against the Mandal Report and the government's decision, something unprecedented in a country where agitations are commonplace. As the movement assumed a broader sweep in this way, the BJP too broke its silence

(originally dictated by its support from outside to the National Front government along with the Left parties) and began to voice criticism against the National Front and V. P. Singh on the issue (that took more and more strident forms with the passage of time).

The main thrust of such an anti-National Front propaganda with V. P. Singh as the butt of attack was that the then Prime Minister, by resolving to enforce the Mandal Report, albeit partially, was giving a spurt to casteism. This propaganda did click and wide sections of the intelligentsia shared the view which was basically a travesty of truth precisely because the caste system was a legacy of the past and V. P. Singh had not tried to revive it. On the contrary, the step

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mooted by him was a modest endeavour to abolish the pernicious hierarchical social order that happened to be one of the major drawbacks of Hindu society. A closer look at the entire scenario on the Mandal issue would convince any dispassionate observer that while there were

flaws in the manner in which the Mandal Report (which itself suffered from many a deficiency, as pointed out by several authorities on the ethnic problems in India) was sought to be implemented, the virulent attacks on V. P. Singh on the question of the Report was a clear testimony of the upper castes' indignation over the prospects of losing their privileges to the lower castes – in other words, a manifestation of the caste syndrome that has survived long years of radical social reforms and India's march towards modernisation. Even among some sections of Christian converts from upper caste Hindus – like the so-called Saraswat Christians of Goa, which term itself provides a measure of the immense influence wielded by caste division in India – the reaction was similar to the upper caste Hindus: yet another evidence of the enormity of the crisis that India faces on account of the burden of the past, that is, the hierarchical caste culture devised by Manu for the Hindu society as a whole.

Implementation of the Mandal Report, albeit partially, was a modest step towards achieving social equity, though reservations by themselves are no panacea – as the 22.5 per cent job reservations for the SCs and STs in government services aptly illustrate the inability of such a measure in uplifting the depressed populace. Such moves, unless combined with other measures like the spread of education and literacy (which generate enlightenment and social consciousness) alongside expansion of job opportunities, have little possibility of reaching the desired objective. Yet the intensity of the revulsion against the leaders of the National Front, particularly V. P. Singh, from the side of the organisers of the anti-Mandal agitation offered an idea of the strength of the caste system. On the

other hand, the expectations roused by that small move among wide sections of the backwards gave an indication of the future prospects of break-up of the caste system.

B. J. P.

Those prospects of break-up of the

caste system were best comprehended by the BJP leadership whose concept of Hinduism presupposes perpetuation of the caste system. They obviously shuddered at those prospects and decided to "unify" Hindu society that V. P. Singh had sought to "split" and thereby "destroy"

riots in various parts of the country within a short span of time. Thus in reality, the BJP, while trying to "unify" the Hindu society on the basis of the caste system, was engaged in creating division in the composite Indian society based on secular principles (which, in the Indian con-

single seat in the Lok Sabha or Assembly elections in that State) is a sad commentary on the current state of the Indian polity: the disarray of the secular forces and weakening of the fabric of Nehruvian secularism. However, the challenge emanating from the upsurge of Hindu communalism, for the promotion of which the Congress - I leadership under the late Rajiv Gandhi must take the major share of responsibility for having alternately pandered to Hindu communal sentiments and Muslim fundamentalism ideas, can be met and fought effectively on the plank of genuine Indian nationalism that demands rejuvenation of Hindu society through long-awaited reforms to elevate the depressed segments into positions of prominence by offering them a share in the power-structure. Such reforms would in due course help to discard that hierarchical caste system of social stratification. Genuine Indian nationalism also demands fostering of real secularism (not the sham "positive secularism" of the BJP brand aimed at promoting sectarian feelings) aimed at upliftment of the Muslim masses alongside the other minorities. That precisely has been the plank of the National Front-Left combine which, despite its inherent weaknesses in terms of lack of organisational machinery and paucity of resources, has effectively fought the BJP in UP and humbled it in Bihar (where the NF-Left won most of the seats), the two most prominent States of North India that in a way also guide the destiny of the country; whereas the Congress - I, despite its better performance elsewhere, faced a dilemma on both the issues of the Mandal Report and the construction of the Ram temple, and its inability to take clear-cut positions on both these questions compelled it to pay a heavy price at the hustings (it has been

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Walls of Delhi and other cities were thus plastered with slogans like "They want to divide in the name of Caste, We want to unite in the name of Culture". Actually the "Culture" of the BJP was nothing but the caste culture coated with a communal outlook; the intention being to "unite" and perpetuate the caste system. And the issue of building a temple in honour of Ram (at the supposed place of his birth over which now stands a mosque erected by the Mughal Emperor, Babur) came in handy for this purpose: the call to erect the temple by "removing" the mosque - Babri Masjid - struck an emotive chord in the heart of the average Hindu public and also helped the BJP to carry on its hitherto surreptitious anti-Muslim propaganda in a more open manner than before. Outwardly all genuine secular elements in Indian polity were branded as "pseudo-secularists" by the BJP, the term being used to define those who were supposed to have "appeased the Muslim community". By this, the BJP tried to convey that it was the sole defender of what it described as "positive secularism", a phrase used to camouflage its contorted communal face. The whole exercise was to inject a minority or ghetto complex in the minds of the majority community and thereby earn their support in the elections. The BJP accused the other parties of seeking to build vote-banks for themselves. It was engaged in precisely that very endeavour when its leader, L. K. Advani, began his chariot ride (rath yatra) on a Toyota van through various North India States in September-October 1990 to propagate the importance of constructing the temple from the Hindu standpoint. And though the ride was not accompanied by riots, sufficient communal (anti-Muslim) venom had been spread in the course of that ride by the middle ranking cadres of the BJP to result in communal

text, emphasise equality of all religions).

The crisis that the India polity encounters from the phenomenon of communalism has, in the light of the developments in the second half of 1990 (that also saw the collapse of the V. P. Singh Government when it took firm steps to prevent the BJP from vitiating communal peace; by taking an illogical position on the Ram temple issue - that is, refusing to abide by the court verdict on the fate of the Babri Masjid - the BJP had played into the hands of the more rabid Hindu communalists who candidly called for demolition of the mosque), assumed alarming proportions. The crisis is manifest not merely in the large BJP presence in the Lok Sabha (it has 119 members in that House besides four members of its ally, the Shiv Sena of Maharashtra), but also in its remarkably successful performance in the UP Assembly elections that enabled it to secure the popular mandate to rule that State. And the crisis is compounded by the confusion sown by leaders like Advani who equate Hinduism (with all its regressive social inequities) with Indian nationalism thereby making a mockery of the vision and perspicacity of those stalwarts who framed our Constitution.

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That the BJP has been able to garner substantive electoral support in the tenth Lok Sabha elections from all parts of the country (not just North India but also the South and East India, its high percentage of votes in the Leftist bastion of West Bengal coming as a revelation to many, even if it has not been able to secure a

able to collect a few seats in UP but in Bihar it has drawn a blank).

Terrorism

On the political plane the crisis manifests itself in other forms as well. Secessionist terrorism is on the rise in Punjab

and Kashmir while terrorist activities are growing in different parts of the country – the murder of a leading industrialist like Surrinder Paul, the brother of England-based Indian tycoon Swraj Paul, in Assam by activists of the outlawed United Liberation Front of Assam (ULFA); and the assassination of Rajiv Gandhi in Tamil Nadu by suspected Sri Lankan Tamil militants (buttressed by whom is a question the intelligence entrusted with the task of investigating into the killing are trying to fathom at present) being recent incidents that bring them out in bold relief. The Indian state has sought to deal with secessionism in the north-west of the country with the use of the same strong-arm measures that were employed in tackling the challenge of similar separatism in the North-Eastern States. There is a feeling in some quarters that in the North-East those measures had achieved. This has been reinforced by the wide publicity given on this score. However, the persistence of movements in such parts as Manipur defying state terror and the application of inhuman and undemocratic acts by the Government of India highlight the severe limits of that much-publicised "success". As for Punjab and Kashmir, the incapacity of such measures of browbeat the local populace into submission is becoming increasingly transparent with each passing day.

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Undoubtedly in these two border States the problem is accentuated by the Islamabad authorities' failure to resist the temptation of enhancing Indian embarrassment by extending wholehearted material support to the secessionist terrorists – some thing that is bound to boomerang on Pakistan (in much the same way as the LTTE phenomenon has on India). Nevertheless, the "foreign hand" of Pakistan cannot be the source of the problems of Punjabi and Kashmir which can be traced to the insensitivity of the Indian political leadership at the Centre to comprehend the alienation of the Punjab and Kashmiri masses on account of its ill-conceived moves, guided by narrow and petty political considerations, that happened to be subjective, myopic

and devoid of overall objectivity as well as political perspective. Indeed since it is political failure at the highest level that is at the root of the problems in the two States, the resolution of these complex problems lies not in administrative or executive measures, adopted by the military or para-military security forces, but the resumption of the political process through restoration of dialogue followed by the holding of democratic elections which stand suspended for long years.

In fact the proponents of the "hard state" concept in India are finding it increasingly difficult to carry conviction with the bulk of the public about the efficacy of their policy perspective, – be it strong-arm measures devoid of democratic norms in Punjab, Kashmir or the North-East, or the advocacy of acquisition of nuclear weapons capability besides maintaining the burgeoning defence expenditure. These measures or suggestions have yielded no positive results for India as yet but only aggravated the systemic crisis. And precisely because of the democratic polity in India wide segments of Indian opinion are now ready to experiment how far the proposals offered by the exponents of the "soft state" are effective in the present situation. These relate to pains taking efforts to resume dialogue with the militants in Punjab and

Kashmir in particular, restore the democratic process and hold elections in those two north-western States; and active steps to curb defence expenditure following dialogue with our neighbours, notably Pakistan, with which, if found feasible, a bilateral nuclear non-proliferation treaty should be signed. No doubt all these are complex matters and one would be forced to negotiate many a minefield as one proceeds. But only by taking such risks can the impasse be overcome and the crisis in this sphere defused. At least that is the perception of the apologists of the "soft state" approach that large segments of Indian opinion are prepared to give a try.

The one bold move on the part of the disreputable Chandra Shekhar Govern-

ment which ruled at the Centre for the past few months, (incidentally, all members of this government with the sole exception of the erstwhile Prime Minister, Chandra Shekhar, were subjected to humiliating defeats in the Lok Sabha elections with most of them failing to save their security deposits) was that of holding elections in Punjab. Those who lamented over the fact that as the day of polling approached the killings in the State recorded a conspicuous increase sought to give the false impression that killings would subside if elections were not held. That is a complete misrepresentation of the actual state of affairs. Killings and murders have continued non-stop under President's Rule in Punjab. Even if there had been a temporary spurt in killings after the elections were announced (although that is not confirmed if one meticulously compares the present with the past), that risk was worth taking for the sake of democracy. Indeed large sections of the public including some of the extremists had come forward to take the risk. But the sudden decision of the Chief Election Commissioner to defer the Punjab polls till September – which was announced after the Chandra Shekhar Government stepped down to make way for a Congress – I Ministry headed by P. V. Narasimha Rao – has actually helped the militants hell-bent on disrupting the poll process to project it as their victory. This is most unfortunate as it constitutes a setback for all those who are eager to see the political process restored in Punjab through democratic elections. And in the long run this can only help accentuate the system crisis in India.

Poverty

The crisis is further reflected in the inability of successive governments to make a real dent into the phenomenal poverty that afflicts the nation. Despite a high rate of growth of the GDP, some 43 per cent of the rural population in 1987-88 still lived below the poverty line, a figure scientifically ascertained by Dr. B. S. Minhas, a former Member of the Planning Commission, and spelt out in his Chotu Ram Memorial Lecture at the Haryana Agricultural University at Hissar last February. It is also manifest in the hardships and discriminations women are still being subjected to in different parts of the country in the last leg of the twentieth

century. Dowry deaths and bride burnings are suddenly on the rise in the past few years testifying to the brutalisation of the *nouveau riche* wallowing in the consumerist culture and at the same time casting a slur on Indian civilisation in general. The women's literacy rate is still considerably low (32.52 per cent) as against the 52.68 per cent literacy rate for men in a country which has a population of 844 million (men accounting for over 437 million and women over 406 million), according to the 1991 census figures (which show a slight reduction in the population growth rate of 2.11 per cent between 1981 and 1991 as compared to 2.22 per cent in the 1971-1981 decade).

However, active steps are being taken to give the literacy drive in various parts of the country the shape of a movement and these have borne rich fruit in Kerala, the southernmost State of the country which has lately attained cent per cent literacy. At the same time the injustices against women have given rise to a spurt in women's and feminist movement in India that is helping the gradual blossoming of social consciousness on the issue of gender equality. Yet there is no denying that the problem on this score being of a stupendous nature only the tip of the iceberg has been tackled so far.

Economic Crisis

Whatever the dimension of the crisis in the political sphere, it is the crisis on the economic front that is causing maximum anxiety. What is really worrying is the acute balance of payments deficit accompanied by substantial depletion of India's foreign exchange reserves. The Western media has been crying hoarse for increasing liberalisation of the economic management, notably in the realm of imports, and while welcoming the steps initiated in this direction by the Rajiv Gandhi Government as bold and refreshing, they felt that the reforms at the micro-economic level undertaken by that administration "were far too timid", as a survey of India by *The Economist* (London) of May 4, 1991 deplored. But in the same issue the journal, while decrying the Nehru-Mahalanobis model of planning as the root of mismanagement of India's micro-economic policies, had this to note on India's latest difficulties:

"Thanks mainly to a competent central bank and the country's instinctive hatred of inflation, India's macro-economic policies had been successful, especially by Third World standards. Inflation stayed low, and India was not ensnared by foreign debt, as were so many other developing countries during the 1970s. Over the past ten years this has changed. The government borrowed more; the inflation rate moved into double figures; the trade deficit widened; domestic and foreign debt piled up. Last month, just before Japan agreed to provide an emergency injection of cash, outsiders' estimates of the import cover provided by the country's foreign-exchange reserves varied between several days and 20 minutes."

On June 1, 1991 the country's foreign exchange reserves stood at Rs. 2811.53 crores, barely enough for four weeks' imports. But as *The Economist* rightly observed, the situation was far more precarious in April when the reserves had dwindled below Rs. 2500 crores before they were held at that level by agreements with Japan totalling 560 million dollars (of which some 300 million dollars have been extended as balance of payments support).

This is indicative of Dr. Singh's adherence to the spirit of realism in tackling vital economic issues steering clear of populist announcements made by the run-of-the-mill politicians.

The difficulties on this score are being attributed in Indian official circles to the Gulf conflict (that began in August 1990 when Saddam Hussein's troops moved into Kuwait and crude oil prices shot up from 18 dollars a barrel to 40 dollars and above) resulting in India's mounting import bill. This explanation is, according to experts and close-observers of the economic scene, nothing but a "convenient alibi", as distinguished economist and a former Member of the Planning Commission, Dr Arun Ghosh, asserts. In his view, the "crisis has been building up slowly but inexorably over the past several years" with the country "borrowing from abroad, pursuing a series of policies calculated to increase our dependence on foreign funding, unmindful of the need to repay" (something that could, if not checked on time, lead to a Latin Americanisation of the Indian economy although that eventuality, at the moment is a far cry). The BoP crisis, he insists, "was bound to

come, maybe in a year or so" and the "Gulf war merely hastened the day of reckoning".

In the Seventh Plan period (1985-86 to 1989-90) the deficit in the BoP was as much as 2.3 per cent of the gross domestic product (GDP) as compared to 1.2 per cent during the Sixth Plan period. In 1989-90 this deficit rose to 2.7 per cent of the GDP despite the fact that even in foreign exchange terms (that is, in terms of the SDRs) exports grew by 15 per cent in 1989-89 and by 23 per cent in 1989-90. All this, on account of the burgeoning payments for imports.

(It should also not be forgotten that some 30 percent of India's export earnings are being eaten away by the country's debt repayment liability, and this coupled with the fact that capital inflow into the country has come to a grinding halt is the reason for the latest depletion of the foreign exchange reserves.)

Imports of capital goods, components are for the benefit of large or medium scale producers manufacturing elitist consumer good for the domestic market. Then there is large scale import of de-

fence equipment, civilian aircraft. Oil imports as well as import of chemical fertilisers and edible oils also cover a substantive part of the import bill.

The way out is reduction of imports to the extent possible. Suggestions have come for decreasing imports meant for producing elitist consumer goods (that can be branded as luxury items). There is also a strong plea to adjure production methods that are capital and energy intensive and opt for labour intensive production techniques. Simultaneously, large scale producers have to be urged to earn foreign exchange requirements through exports while their import needs are curbed. These are all long term measures intended to bolster "self-reliance". This term, of course, has little meaning for those pragmatists in the world financing bodies like the World Bank and the International Monetary Fund (IMF) keen to integrate India with the global econ-

omy by total rejection of controls in India while the Western developed nations like the US adopt fullscale protectionist measures preventing the entry of eligible Indian goods into their markets. However, the term carries sufficient weight today in the Indian context even if in the short term negotiating loans from the IMF is the imperative need of the hour for the purpose of tiding over the immediate problems relating to the BoP crunch.

The crisis in Indian economy is bound to be accentuated if the conditionalities attached to the IMF loan are accepted. These would result in unemployment in the capital goods sector as well as the transfer of the burden of the crisis on the organised sector, the employees, as has happened in the past leaving the affluent scot free. Thus the vigilant Indian public opinion cannot but be wary of such conditionalities, especially in the wake of the growing disillusionment over the rapid removal of social welfare measures in the former socialist countries of Eastern Europe. India's basic democratic polity cannot possibly permit the alienation of

need to be seriously considered. Whether the government of the day will be able to muster sufficient political will and determination to undertake such measures is, of course, another matter.

Nevertheless, it is a welcome sign of the government's seriousness that it has spoken of the use of the "hard option" to tide over the crisis. (Even under the Chandra Shekhar Government the Reserve Bank of India had perforce evolved measures to compress imports to achieve trade surplus and save valuable foreign exchange – though this was just a short-term move. Another desperate short-term step of the Chandra Shekhar Government to meet the foreign exchange shortage was the "gold swap" – pledging 20 tonnes of confiscated gold to raise 200 million dollars, that is, Rs 400 crores. The new government of P. V. Narasimha Rao has, however, struck an optimistic note by claiming that it would be able to ensure sufficient foreign exchange in the next few months to buy back the gold recently sold.) One only hopes that the "hard option" would not apply only to the

clear of populist announcements made by the run-of-the-mill politicians. This approach of the new government is also evident in another development. Originally a 2 billion dollar stand-by IMF credit was being negotiated by the Chandra Shekhar Government. But it was clear that that would have provided a highly temporary respite covering this year alone. Hence the Narasimha Rao Government is seeking a larger loan between 5 billion to 7 billion dollars under the Extended Credit Facility of the IMF (so as to preclude the possibility of rushing to the IMF once again within a year).

Misgovernance

The multi-dimensional crisis that India faces today is, in a large measure, traceable to past misgovernance, especially when the country had the "stablest" regime that was voted to power with a record number of seats in the Lok Sabha in 1984. The brute majority of the then ruling party enabled its leader to behave with impunity and ride roughshod over a highly depleted Opposition. Its whimsical responses to events not only brought out its complete lack of policy perspective, especially since 1986, but also complicated matters to the detriment of national unity. The induction of the Indian Peace Keeping Force (IPKF) into Sri Lanka – that had to a no-holds barred fight to the finish between the IPKF and the Sri Lankan Tamil militants originally aided by India – falls in this category.) Thus regional aspirations, the legitimate urge of the States for enhanced powers as well as the demand for genuine decentralisation were not only neglected but even trampled underfoot at times. Corruption thrived at the highest level (the Bofors controversy and the attempted cover-up by the executive reinforcing the allegation of shady transactions accompanying the deal) and the existence of power brokers in influential positions in various political parties engendered widespread criminalisation of the polity (as reflected in the increasing brutalisation of the guardians of law and order, apart from the the largescale participation of anti-socials in the electoral process as revealed in the list of candidates in the just concluded Lok Sabha poll. Simultaneously communal riots assumed alarming proportions alongside a sudden spurt in caste consciousness. Abject dependence on administrative strong arm measures

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the bulk of the populace. In this context it is reassuring to find the new Finance Minister of the country, Dr. Manmohan Singh, an economist of world renown and the former Secretary-General of the South Commission that was set up with the express purpose of promoting South-South cooperation, while defending efforts to get the IMF loan, making it abundantly clear that the conditionalities attached to the loan would be met only if they conformed to India's "national objectives".

The economic crisis is brought out in the yawning fiscal deficit as well for which purpose a severe cut in government expenditure does not brook the slightest delay alongside diverse innovative steps at internal resource mobilisation. Mopping up the surplus in the agricultural sector and extracting the unearned wealth of the *nouveau riche* and upper classes in the urban areas through the effective imposition of taxes are measures which

wage earner but the affluent as well. Or else the government's resolve to overcome the economic crisis would turn out to be a cruel joke.

The new Union Government's seriousness in meeting the challenge on the economic front is discernible in the very appointment of Dr Manmohan Singh as the Finance Minister. Dr Singh has not only spoken of the "hard option" but also conveyed his determination to enforce "fiscal discipline" that would hopefully stabilise prices and reduce inflation to three to four per cent in three years, as the Finance Minister himself claimed. At the same time he has ruled out the prospect of rolling back prices of essential commodities including diesel and kerosene to the July 1990 levels within a span of 100 days of assuming power as was promised by the Congress – I in its Election Manifesto. This is indicative of Dr Singh's adherence to the spirit of realism in tackling vital economic issues steering

to counter secessionist terrorism in Punjab and Kashmir (without any political moves to improve the environment not only worsened the conditions in the two border States but also led to a rise in violence which could not be effectively handled in the absence of the political process and the democratic exercise.

The violence that punctuated the tenth Lok Sabha elections, capped by the gruesome assassination of Rajiv Gandhi, could not destroy the electoral process itself. Notwithstanding an overall low turnout, the outcome of the poll has been such as to deny a clear absolute majority for any party – a manifestation of the crisis of eligibility of any one party or alliance to run the country on its own. (The Lok Sabha has an effective strength of 543, there being two additional members from the Anglo-Indian community nominated after every election. This time polling took place for 511 seats throughout the country. Of the 506 results available, the Congress-I has won 224, its allies 17, the National Front-Left combine 127, the BJP – Shiv Sena 123, the Samajwadi Janata Party or SJP of Chandra Shekhar 5 and others 10). A minority government of the Congress – I, the largest single party in the Lower House of Parliament, has taken office well aware of its needs to operate on the national plane through the process of a national consensus on the different challenges before the country that demand a collective or joint response eschewing sectarianism and partisanship. (Earlier, some intellectuals had given the call for a national government to face the national crisis before the nation which, they felt, was in no way of lesser magnitude than a national calamity that overtakes a country in the event of war. This proposal, it is believed from reliable sources, had the blessings of the President, P. Venkataraman but it was rejected off-hand by all or most of the political parties. The approach that the Congress – I is being compelled to adopt today is a variant of that same proposal.) This approach alone has the potentiality of tiding over the multi-dimensional crisis confronting the Indian polity and strengthening Indian democracy (whose vitality is being sapped from within by the fissiparous trends and ideas thriving on national disunity and inequality) in the process; and P. V. Narasimha Rao being a highly accommodative personality, is most suited to evolve such an approach.

The crisis facing India today has been lucidly elaborated in a recent editorial article written by P. N. Haksar, a former diplomat and retired government official who was at one time Indira Gandhi's Principal Secretary, but who is best known as one of India's foremost thinkers in the contemporary period. Here is what he wrote in *Man and Development*, a journal he edits, in September 1990.

"The production of wealth and its distribution in our country poses extremely difficult and complex problems in the world of today. We know that the present inequalities feed unrest and anarchy and promote all kinds of conflicts, e.g. inter-caste conflicts, urban-rural conflicts, inter-ethnic conflicts, inter-religious conflicts, etc. But we should know that even with the best of intentions, it would take time for our economy to grow even to a stage where every human being would have employment and generate the minimum income with which he or she could buy nourishing food. We have not succeeded in this. The failure in the area of providing food for the mind, namely education and culture, is even more dismal and fraught with tragic consequences. Equally dismal are our health indicators.

"Our political parties, who are busy inciting one set of Indians against another, should sit up and think seriously about a strategy for development which would not only guarantee our sovereignty, but would also provide the means and mechanisms of social cohesion rather than social conflict. It is our view that during the long period which is lying ahead for our economic, social and cultural development, we need to evolve a certain minimum code of conduct which will, at least, not outrage our moral sensibilities. Faith of our people in democracy and a law-governed society needs to be immediately reinforced.

"In view of this matter, some 80 or 90 million people of India who have benefited most from the economic development during the last 40-odd years have to think once again about their role in society. Mahatma Gandhi's truth may guide us. And he said that possession of wealth can only be justified if it is regarded as a trust. The well-off section of society are too nakedly and visibly engaged in consumerism. All concepts of love, compassion and altruism have been drained off. Nobody, therefore, earns or commands

respect. In such a state of moral sickness, anarchy, we repeat again and again, will keep breaking out.

"We have urged earlier, but we should like to do it again with an extreme sense of urgency, that the nation-building process of India will break up if we do not alter the view that there exists somewhere the so-called 'mainstream' into which others who do not yet belong must submerge. India can only be built and modernised into a nation by accepting and respecting every identity – linguistic, cultural, religious and ethnic. We have committed a grievous error by borrowing the entire paraphernalia of ideas from the West. Under conditions of India's glorious and rich diversity we cannot copy the design of a modern state of France, Germany, Holland, Denmark, Norway and Sweden.

A pessimistic note is unmistakable in these words of substance, and yet they also offer the contours of advance in the days ahead, regardless of the gravity of the crisis facing the nation.

James Clad, in his article mentioned at the outset, had referred to two "things going right for India": the weather ("the last three monsoons have brought plentiful rain and record harvests") and parliamentary democracy ("the best legacy of British rule"). This is what he observed on the poll process in India:

"Although politics have become deeply criminalised in some Indian States, governments change in Delhi and in its States through elections, not (as in Pakistan) through overt or disguised military coups. When observing elections I have seen both a mixture of, text-book civics and ballot-box hijacking reminiscent of the Philippines. Still, it beats periodic shows of bayonets in the capital city."

It is this positive factor which should not be ignored in any discussion on India in crisis. Even if the country is facing a systemic crisis, the democratic ethos of the polity – (military rule in India is a remote possibility in any situation) – is the best guarantee of transformation of the system to suit the present-day conditions without allowing Indian disintegration. Herein lies India's inherent strength and resilience to surmount the obstacles on its path.

There is no gain saying that it is a long haul. Yet the future is not as bleak as it is made out to be.