

THE FRENCH REVOLUTION

CONTEXT AND CAUSES OF THE REVOLUTION

The **process of centralization** from the 16th century strengthened **absolutism** in France and by the early 18th century the French monarchy under Louis XIV became the **model of centralized absolutism** based on **feudal social structures**. Since the 17th century, tensions were mounting between centralizing and decentralizing pressures. The French Revolution brought about a complete destruction of the feudal order and its state apparatus. The National Assembly and later Napoleon worked very hard and systematically to recast the old kingdom into a **modern nation-state**. Attempts were made to **transform institutions**- Legislation, administration, justice, bureaucracy, education, finances and even religion. The new structure had a popular base and thus had a lasting influence not only on France but countries elsewhere.

In **1774**, 20 years old **Louis XVI** ascended the throne of France. Long years of war had **drained the financial resources** of France. Under Louis XVI, France helped the **13 American colonies** to gain their independence from the common enemy, Britain. The debt had risen to more than 2 billion **livres**, therefore increasing the percentage of its budget on interest payments alone. To meet its regular expenses, such as the cost of maintaining an army, the court, running government offices or universities, the state was forced to **increase taxes**. Moreover, the French society in the 18th century was divided into **Three Estates**, and only **members of the third estate** (all others except first estate- clergy and second estate- nobility) paid taxes. The society of estates was part of **feudal system** that dated back to the middle ages.

Peasants made up about **80% of the population** and they were highly suppressed. However, only a small number of them owned the land they cultivated. About **60% of the land** was owned by nobles, the Church and other richer members of the third estate. Peasants were obliged to render services to the lord to work in his house and fields, to serve in the army or to participate in building roads. The **Church too extracted its share of taxes** called **tithes** from the peasants.

Moreover, the **population of France** rose from about 23 million in 1715 to 28 million in 1789. This led to a rapid increase in the **demand for foodgrains**. Production of grains could not keep pace with the demand. So the **price of bread** which was the staple diet of the majority rose rapidly. But wages did not keep pace with the rise in prices. So the gap between the poor and the rich widened. Things became worse whenever **drought** or hail reduced the harvest.

The 18th century witnessed the emergence of social groups, termed the **middle class**, who earned their wealth through an expanding **overseas trade** and from the **manufacture of goods** such as woolen and silk textiles that were either exported or bought by the richer members of society. In addition to merchants and manufacturers, the third estate included professions such as **lawyers or administrative officials**. All of these were educated and believed that no group in

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society should be privileged by birth. Rather, a person's **social position must depend on his merit.**

These ideas envisaging a society based on freedom and equal laws and opportunities for all were put forward by **philosophers** such as **John Locke** and Jean Jacques **Rousseau**. Locke sought to refute the doctrine of the divine and absolute right of the monarch. Rousseau carried the idea forward, proposing a form of government based on a **social contract** between people and their representatives. **Montesquieu** proposed a **division of power** within the government between the legislative, the executive and the judiciary. The **American constitution** and its guarantee of individual rights was an important example for political thinkers in France.

The Causes can be mentioned as:

1. Grievance of the Third Estate

- a. **Peasantry:** Poverty of the Peasantry due to backward methods of farming. Over-population and overcrowding of agriculture; and shortage of land and uneconomical land holdings. Steep increase in the prices of industrial goods but not of agricultural goods and; heavy and innumerable **taxes and other dues** of the Church, nobles and state.
- b. **Bourgeoisie:** sprawling **middle class** resented the privileges of the first two estates more than any other section and were the most ardent opponents of the old order. Being educated with more resources and better organized, they rallied all the opponents of the old regime and led the movement.
- c. **Urban workers:** they joined the revolutionary forces mainly because of their unenviable working and living conditions.

2. Degeneration of the Absolute Monarchy: absolute monarchy reached its peak under Louis XIV, and began to degenerate during his lifetime. Refusal of Louis XV to remedy the abuses of the old order, inefficiency of Louis XVI, all added to the initiation of the process of revolution. His beautiful but 'empty-headed' wife, **Marie Antoinette**, squandered money on festivities and interfered in state appointments.

3. Degeneration of the First and Second Estates: among **First Estate:** Crumbling of the social and economic foundation of the clergy, particularly the higher clergy and their complete moral degeneration. Among **Second Estate:** The higher nobility completely neglected their duties, and degenerated into a band of greedy and vicious courtiers. People in these two classes were **exempted from almost all taxes**. They controlled most of the administrative posts and all the high-ranking posts in the army.

4. Influence of the Philosophers: Voltaire believed all religions absurd and contrary to reason. He believed that man's destiny lay in this world rather than in heaven. Writings attacking religion fed the fires of revolution because the Church gave support to autocratic monarchy and the old order.

:: **Rousseau** asserted the doctrine of popular **sovereignty and democracy**. He recognized **property** in modern societies as a 'necessary evil'. What was needed was a new „**social contract**“ to guarantee the freedom, equality and happiness which man had enjoyed in the state of nature. No political system can maintain itself without the **consent of governed**. **Montesquieu:** establishment of a democratic government- based on the principle of separation of powers.

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:: The cumulative effect of their influence manifested itself in the 3 watchwords "**Liberty, Equality and Fraternity**", which became the guiding principles of the French Revolution. Thus the French Revolution, though an outcome of the realities (the socio-economic and political conditions), was realised or made possible by the intellectual movement. Without the ideas spread by French philosophers, the French Revolution would simply have been an outbreak of violence.

5. Age of Reason: Because of the ideas expressed by the French intellectuals, the 18th century has been called the Age of Reason. Christianity had taught that man was born to suffer. The French intellectuals asserted that **man was born to be happy**. They believed that man can attain happiness if **reason** is allowed to destroy prejudice and reform man's institutions. They either denied the existence of God or ignored Him. In place of God they asserted the **doctrine of „Nature“** and the need to understand its laws. They urged faith in reason.

:: The French economists of the time believed in **-Laissez faire**. According to this theory, a person must be left free to manage and dispose of his property in the way he thinks best. They said that **taxes should be imposed** only with the consent of those on whom they were levied. These ideas were a direct denial of the privileges and feudal rights that protected the upper classes.

6. Immediate Cause: A **financial crisis** manifested itself in a growing deficit, further swollen by **French aid to the Americans** in their war of Independence; attempt of Louis XVI to improve the situation by levying a uniform tax from all the Three Estates; his summoning of the Estates General and its replacement by the National Assembly whose reforms destroyed the old regime.

THE OUTBREAK OF THE REVOLUTION

In **May 1789**, Louis XVI called together an assembly of the **Estates General** to pass proposals for **new taxes**. The first and second estates sent 300 representatives each, while there were 600 members of the third estate. Peasants, artisans and women were denied entry to the assembly. Voting in the Estates General in the past had been conducted according to the principle that **each estate had one vote**. This time too Louis XVI was determined to continue the same practice. But members of the third estate demanded that voting now be conducted by the assembly as a whole, where **each member would have one vote**. This was one of the **democratic principles** put forward by philosophers like Rousseau. When the king rejected this proposal, members of third estate walked out of the assembly in protest.

The **representatives of the third estate** viewed themselves as spokesmen for the whole French nation. In June they assembled at **Tennis Court** and declared themselves a **National Assembly** and decided not to disperse till the drafting of the constitution. While the National Assembly was busy at Versailles **drafting a constitution**, the rest of France **seethed with turmoil**. A severe winter led to a bad harvest and the price of bread rose. Crowds of angry women stormed into the shops. In July, the agitated crowd stormed and destroyed the **Bastille** (a fortress prison-symbol of despotic powers of the king). In the countryside, rumours spread from village to village. They **looted hoarded grain** and burnt down documents containing records of manorial dues. A large number of nobles fled from their homes, many of them migrating to neighbouring countries.

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Faced with the power of his revolting subjects, Louis XVI finally **accorded recognition to the National Assembly** and accepted the principle that his powers would from now on be checked by a constitution. On the night of 4 August 1789, the Assembly passed a decree **abolishing the feudal system** of obligations and taxes. Members of the clergy too were forced to give up their privileges. **Tithes were abolished** and lands owned by the Church were confiscated.

FRANCE BECOMES A CONSTITUTIONAL MONARCHY

Two debates of the Constituent Assembly were crucial from the point of view of the principles of legitimacy. Those were, (a) the Declaration of the **Rights of Man**, and (b) the **subject of sovereignty**. By destroying the feudal regime, the Constituent Assembly had redefined the French people as individuals who were free and equal. **Liberty, property, security and resistance to oppression** were made some of the basic rights. In short, the subjects of the French ruler were made citizens of the nation. The Declaration of the Rights of Man brought about a radical conception of society, and organized the **new public authorities** to protect these rights by way of a written constitution based on revolutionary doctrines.

The second debate concerned the question of the **nature and attribution of sovereignty**. The issue of 'sovereign' proved to be extraordinarily difficult. It was nearly **impossible to reconcile** the sovereignty of the nation with the direct exercise of its rights by all the members of the nation. In the following years, a fundamental conflict developed between the **popular and parliamentary concept** of democracy, each of them claiming indivisible sovereignty.

The National Assembly completed the draft of the constitution in **1791**. Its main object was to **limit the powers of the monarch**. These powers instead of being concentrated in the hands of one person, were now **separated** and assigned to different institutions the legislature, executive and judiciary. This made France a **constitutional monarchy**. The Constitution of 1791 vested the **power to make laws** in the National Assembly, which was **indirectly elected**. That is, citizens voted for a group of electors, who in turn chose the Assembly. Not all citizens, however, had the **right to vote**.

Only **men above 25 years of age who paid taxes** were given the status of **active citizens**, that is, they were entitled to vote. The remaining men and all women were classed as **passive citizens**. The Constitution began with a **Declaration of the Rights of Man and Citizen**. Rights such as the right to life, freedom of speech, freedom of opinion, equality before law, were established as **natural and inalienable rights**, that is, they belonged to each human being by birth & could not be taken away. It was duty of state to protect each citizen's natural rights.

The Declaration of Rights of Man and Citizen

1. Men are born and remain free and **equal in rights**.
2. The aim of every **political association** is the preservation of the natural and inalienable rights of man; these are liberty, property, security and resistance to oppression.

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3. The source of **all sovereignty resides in the nation**; no group or individual may exercise authority that does not come from the people.
4. **Liberty** consists of the power to do whatever is not injurious to others.
5. The law has the right to forbid only actions that are **injurious to society**.
6. **Law is the expression of the general will**. All citizens have the right to participate in its formation, personally or through their representatives. All citizens are equal before it.
7. No man may be **accused, arrested or detained**, except in cases determined by law.
8. Every citizen may **speak, write and print** freely; he must take responsibility for the abuse of such liberty in cases determined by the law.
9. For the maintenance of the public force and for the expenses of administration a **common tax** is indispensable; it must be assessed equally on all citizens in proportion to their means.
10. Since **property is a sacred and inviolable right**, no one may be deprived of it, unless a legally established public necessity requires it. In that case a just compensation must be given in advance.

FRANCE BECOMES A REPUBLIC

The situation in France **continued to be tense** during the following years. Although Louis XVI had signed the Constitution, he entered into **secret negotiations** with the King of Prussia. Rulers of other neighbouring countries too were worried by the developments in France and made plans to send troops to France. Before this could happen, the National Assembly voted in 1792 to **declare war against Prussia and Austria**. Thousands of volunteers thronged from the provinces to join the army. They saw this as a war of the people against kings and aristocracies all over Europe.

The **revolutionary wars** brought losses and **economic difficulties** to the people. Large sections of the population were convinced that the revolution had to be **carried further**, as the Constitution of 1791 gave political rights only to the richer sections of society. **Political clubs** became an important rallying point for people who wished to **discuss government policies** and plan their own forms of action. The most successful of these clubs was that of the **Jacobins**.

The members of the Jacobin club belonged mainly to the **less prosperous sections of society**. Their leader was **Maximilian Robespierre**. A large group among the Jacobins decided to start wearing **long striped trousers** similar to those worn by dock workers. This was to set themselves apart from the fashionable sections of society, especially nobles, who wore knee breeches. These Jacobins came to be known as the **sans-culottes**, literally meaning 'those without knee breeches'.

In the summer of 1792 the Jacobins stormed the **Palace of the Tuileries**, massacred the king's guards and held the king himself as hostage. Later the Assembly voted to **imprison the royal family**. Elections were held. From now on **all men of 21 years** and above, regardless of wealth, got the right to vote. The newly elected assembly was called the **Convention**. On 21 September 1792 it **abolished the monarchy and declared France a republic**. Louis XVI was **sentenced to death** by

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a court on the charge of treason. In January 1793 he was executed publicly. The queen met with the same fate shortly after.

JACOBIAN PERIOD: REIGN OF TERROR (1793-94)

The period from 1793 to 1794 is referred to as the **Reign of Terror**. Robespierre followed a policy of **severe control and punishment**. All those whom he saw as being „**enemies**“ of the republic - ex-nobles and clergy, members of other political parties, even members of his own party who did not agree with his methods - were arrested, imprisoned and then tried by a revolutionary tribunal. Robespierre's government issued laws placing a **maximum ceiling on wages and prices. Meat and bread were rationed**. Peasants were forced to transport their grain to the cities and sell it at prices fixed by the government. Equality was sought to be practised through forms of **speech and address**. Churches were shut down and their buildings converted into barracks or offices. Robespierre pursued his policies so relentlessly that even his supporters began to **demand moderation**. Finally, he was convicted by a court in 1794, arrested and beheaded.

THERMIDORIAN REPUBLIC (1795-99): A DIRECTORY RULE IN FRANCE

The fall of the Jacobin government allowed the **wealthier middle classes** to seize power. A **new constitution** was introduced which **denied the vote** to non-propertied sections of society. It provided for two elected legislative councils. These then appointed a **Directory**, an executive made up of 5 members. This was meant as a safeguard **against the concentration of power** in a one-man executive as under the Jacobins. The Right to Equality was accompanied by the **declaration of 'Duties'** aimed at avoiding the tension between the unlimited nature of rights and the necessity for social order based on law.

The bulk of the **petty bourgeoisie** was barred from all offices, voting existed only in name and politics was dominated by the **oligarchs** and professional administrators. Directory inaugurated **social and political reign of notables** - a class which dominated in the 19th century. However, the Directors often clashed with the legislative councils, who then sought to dismiss them. The **political instability** of the Directory paved the way for the rise of a military dictator, Napoleon Bonaparte. Through all these changes in the form of government, the **ideals of freedom, of equality before the law** and of fraternity remained inspiring ideals that motivated political movements in France and the rest of Europe during the following century.

COURSE OF REVOLUTION IN SHORT

A. Period of the National Assembly (1789-91)

1. **Abolition of Feudalism**: Payment of taxes by all; Equal bearing of all public expenses by all; giving up of 'tithe' by the clergy; Surrender of medieval rights of the nobility, Abolition of serfdom, Prohibition of the sale of judicial offices, and Rights of every citizen to get any kind of post.
2. **Declaration of the Rights of Man**
3. **Economic measures**: Confiscation of Church lands; Issue of "assignants" or paper notes used to pay the government's debt. Abolition of guilds and internal tariffs and tolls, and Abolition of labour organisations and ban of strikes.

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4. **Civil Constitution of the Clergy (1790):** Reduction of the number of bishoprics by more than 1/3rd and transformation of bishops and priests into civil officers. Its provisions stripped the Pope of his effective authority.
5. **Constitution of 1791:** Reform and reorganisation of Local Government; Reconstruction of the Central Government on the basis of separation of powers; Though it went, a long way towards instituting popular government, it stopped well **short of full democracy**, because it divided Frenchmen into "**Active Citizens**" and "**Passive Citizens**" and gave the right to vote only to the former.

B. Period of National Convention (1792-95)

1. Abolition of Monarchy and the establishment of the **First French Republic**.
2. **Passing of the democratic constitution of 1793:** Grant of universal manhood suffrage and giving supreme power to a single legislative chamber.
3. **Reign of terror:** Scrapping Local Government of much of the local self-government and trend towards centralization.
4. Patriotism and success in War of 1793 with the other European powers.
5. **Economic Measures:** Issue of the "Maximum" i.e. placing ceiling on prices and wages. Rationing of scarce commodities. Seizure of the remaining properties of the 'emigres' and other opponents of Republic and recommended their distribution among landless Frenchmen.
6. **Constitution of 1795:** Denial of the vote to the poorest section of the nation; and establishment of a **two-house legislature**. These two houses nominated 5 directors who headed the executives.

WHY IN FRANCE

1. **Feudalism:** Feudalism did exist in almost all the European countries at that time. But unlike in other European countries, the French feudal lords already lost their vitality and failed to discharge their duties properly though they were enjoying the same privileges as other European Countries.
2. Middle Classes: Quite strong and active in France unlike in other European countries.
3. Common People: The lot of the common people was not worse than those of other European countries. The small peasants of France were; in fact, better off than their counterparts in other European countries. But what made the difference was that the French common people were made conscious of their sufferings by the propaganda of the **philosophers** and were eager to improve their lot, which was not the case in the rest of Europe.

ROLE OF WOMEN IN REVOLUTION

From the very beginning women were **active participants** in the events which brought about so many important changes in French society. They hoped that their involvement would **pressurize the revolutionary government** to introduce measures to improve their lives. Most women of the **third estate** had to work for a living. Most women did not have access to education or job training. Their wages were lower than those of men. In order to discuss and voice their interests women started their own political clubs and newspapers. About sixty **women's clubs** came up in different French cities. The **Society of Revolutionary and Republican Women** was

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the most famous of them. One of their main demands was that women enjoy the **same political rights as men**.

Women were disappointed that the Constitution of 1791 reduced them to **passive citizens**. They demanded the right to vote, to be elected to the Assembly and to hold political office. In the early years, the **revolutionary government** did introduce laws that helped improve the lives of women. Together with the creation of state schools, schooling was made **compulsory for all girls**. **Divorce** was made legal, and could be applied for by both women and men. Women could now **train for jobs**, could become artists or run small businesses. Women's struggle for **equal political rights**, however, continued. During the **Reign of Terror**, the new government issued laws ordering closure of women's clubs and banning their political activities. Many prominent women were arrested and a number of them executed.

IMPACT OF FRENCH REVOLUTION

The Abolition of Feudal Structure & the Absolutist State

One of the first actions of the National Assembly was to **destroy the relics of feudalism** and **aristocratic privileges** of nobles, clergy, towns and provinces along with the state apparatus in order to create a modern state of France. Though the **political forms continued to change** from constitutional monarchy (1789-91) to Democratic Republic (1792-1794), Thermidorian rule (1795-99), and Consulate and Empire (under Napoleon 1799-1815), the **structural reforms of this period** were more fundamental and long-lasting. Most of the **administrative divisions** of the ancient regime disappeared forever along with its officials and institutions. For a while there was a **real decentralization** of authority with a focus on the elective principle; but the period of the Jacobin Republic and Terror followed by the Consulate of Napoleon witnessed an **ever-increasing process of centralization**.

Reconstruction of France, Administrative and Legal

The destruction of the old regime with all its administrative structure required a **sweeping re-organization** of administrative units. The new structure formulated in 1790 established **83 departments**, each named after a geographical feature of its area. It aimed at promoting **national unity**. The administrative system of 1790 provided the **basic structure** on which Napoleon created his famous civil administrator. **Napoleon's** domestic measures achieved a **thorough reconstruction** of France under a strong centralized government to restore peace and order. The pattern of executive power was one of authority dispensed downwards through the ranks of authority. It created a police state but it was more sophisticated in its functioning than its predecessor.

The **Department of Administration** created by the National Assembly (also called the Constituent Assembly) in 1790 was slightly modified into arrondissements and cantons under Napoleon and it still rules France. The new system of centralized administration enabled the government to **utilize the wealth of the country more effectively** than before. **Tax collection** became the responsibility of paid officials under the central treasury. The entire work of tax collection became systematic and efficient. For the sake of unity, another important innovation tried by the

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National Assembly in 1791 was the introduction of the **metric system of weights and measures** - grams, metres, litres, etc. It had a **lasting influence** the world over. It brought much needed **order and uniformity** out of earlier chaos and variety by adopting convenient decimal divisions.

Legal reforms under Napoleon became the instrument of unifying the nation and establishing the Consular and Imperial regime. In **family matters**, Napoleon's code revealed a shift towards conservatism. **Paternal authority** was re-established; divorce was retained but was subjected to stricter limits. Women became the principal victims of this code. The **Code Napoleon**, as it came to be called, included the civil code (1804), code of civic procedure (1806) and the code of criminal procedure. It was designed to **establish order and stability** in interpersonal relations, quick court action, national uniformity in place of variegated regional customs, civil equality, freedom of religion and a powerful nation-state. It was revolutionary in its impact and profoundly influenced social development, not only in France but in several other countries including Belgium, Holland, Luxembourg, Switzerland, etc.

Abolition of Slavery

One of the most revolutionary social reforms of the Jacobin regime was the abolition of slavery in the **French colonies**. The colonies in the Caribbean, Martinique, Guadeloupe and San Domingo were important **suppliers of commodities** such as tobacco, indigo, sugar and coffee. This was met by a **triangular slave trade** between Europe, Africa and the Americas. The slave trade began in the seventeenth century. The exploitation of slave labour made it possible to meet the **growing demand in European markets** for sugar, coffee, and indigo.

Throughout 18th century there was little criticism of slavery in France. The National Assembly did not pass any laws, fearing opposition from businessmen whose incomes depended on the slave trade. It was finally the **Convention** which in 1794 legislated to **free all slaves** in the French overseas possessions. This, however, turned out to be a short-term measure: 10 years later, **Napoleon reintroduced slavery**. Slavery was finally abolished in French colonies in **1848**.

In **1804**, **Napoleon Bonaparte** crowned himself **Emperor** of France. He set out to **conquer neighbouring European countries**, dispossessing dynasties and creating kingdoms where he placed members of his family. Napoleon saw his role as a **modernizer of Europe**. He introduced many laws such as the protection of **private property** and a uniform system of weights and measures provided by the decimal system. Initially, many saw Napoleon as a **liberator** who would bring freedom for the people. But soon the Napoleonic armies came to be viewed everywhere as an **invading force**. He was finally **defeated at Waterloo in 1815**. Many of his measures that carried the revolutionary ideas of liberty and modern laws to other parts of Europe had an impact on people long after Napoleon had left.

Religious Divide and Concordat

The **Catholic Church** was viewed as an important pillar of the old regime and so the Revolutionary regime under the National Assembly implemented the **Civil Constitution of the Clergy** in 1790. Subsequently, the Catholic Church was completely

nationalized and its property seized and put to sale. The **religion became a major issue** that divided the French people. It led to a coalescence of counter-revolutionary forces - royalists, émigrés and staunch supporters of the Catholic Church against the revolutionaries. The National Convention also pursued a **policy of dechristianization** which made more enemies of the revolution than friends. As a result the Catholic religion instead of acting as a unifying force was becoming a **source of disunion**. Yet, France paved the way for a **secular society** as the Declaration of the Rights of Man and Citizen recognized the **freedom of religion**.

Napoleon regarded the Catholic Church a useful instrument of **social control**. Instilling morality and discipline, and preaching subservience to lawful authority. He reached an **understanding with the Pope** in 1801, which is known as the **Concordat**. In this agreement the Pope and the Catholic Church **recognized the French Republic**, thus breaking the possible alliance of European monarchs with the Papacy. The Roman Catholic religion was recognized as the religion of only the majority of the French people. Thereafter **Protestants and Jews were also given protection** by the state. Despite several serious difficulties, the Concordat remained one of the bases on which modern France was built.

New Bureaucracy

The bureaucratic apparatus of the ancient regime developed through the **sale of government jobs** or venality of office as it was called. This remained its principal weakness. The destruction of old structure required a new bureaucratic structure. The Revolutionary government had created 83 departments as the new units of administration. In place of powerful royal officials, a new **3-tier uniform system** of local government departments, districts and communes were created. At each level, local government officials were **elected by active citizens**. Even judges, tax collectors, parish priests, and bishops were chosen on the basis of the ballot.

Napoleon personally worked on **rationalizing** the bureaucratic structure of France by developing a **powerful centralized** administrative machine. He retained the department administration but **eliminated the locally elected assemblies** by new officials, the most important of which were the **prefects**. They were all appointed directly or indirectly by Napoleon himself. The prefects were charged with **vast responsibilities** and granted immense power in their respective departments. The selection of these prefects was based on the principle of **merit, talent and elections**, but Napoleon strongly believed that scouting for talent could be possible only from **superior social strata**, including from the military.

Other Outcomes

- a. Another lasting result was the building up of a **new economic system** in place of the feudal system which had been overthrown. This system was **capitalism**. Even the restored monarchy could not bring back the feudal system or destroy the new economic institutions that had come into being.
- b. The French Revolution **gave the term „nation“** its modern meaning. A nation is not the territory that the people belonging to it inhabit but the **people themselves**. France was not merely the territories known as France but the 'French people'.

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- c. From this followed the **idea of sovereignty**, that a nation recognizes no law or authority above its own. And if a nation is sovereign, that means the people constituting the nation are the **source of all power and authority**. There cannot be any rulers above the people, only a republic in which the government derives its authority from the people and is answerable to the people.
- d. Under the **Jacobin constitution**, all people were given the **right to vote** and the right of insurrection. The constitution stated that the government must provide the people with work or livelihood. The **happiness of all** was proclaimed as the aim of government. Though it was never really put into effect, it was the first **genuinely democratic constitution** in history.
- e. Napoleon's rise to power was a step backward. However, though he destroyed the Republic and established an empire, the **idea of the republic** could not be destroyed.
- f. The Revolution had come about with the support and blood of **common people**—the city poor and the peasants. In **1792**, for the first time in history, workers, peasants and other non-propertied classes were given **equal political rights**.
- g. Although the **right to vote and elect representatives** did not solve the problems of the common people. The peasants got their lands. But to the workers and artisans—the people who were the backbone of the revolutionary movement—the Revolution did not bring real equality. To them, real equality could come only with **economic equality**.
- h. France soon became one of the first countries where the ideas of social equality, of **socialism**, gave rise to a new kind of political movement.

IMPACT OF FRENCH REVOLUTION ON THE WORLD

- a. The French Revolution had been a **world-shaking event**. For years to come its direct influence was felt in many parts of the world. It inspired **revolutionary movements** in almost every country of Europe and in South and Central America. For a long time the French Revolution became the **classic example** of a revolution which people of many nations tried to emulate.
- b. Even though the **old ruling dynasty** of France had been restored to power in 1815, and the autocratic governments of Europe found themselves safe for the time being, the rulers found it increasingly difficult to rule the people.
- c. The French soldiers, wherever they went, carried with them ideas of liberty and equality shaking the old feudal order. They **destroyed serfdom** in areas which came under their occupation and modernized the systems of administration.
- d. Under Napoleon, the French had become conquerors instead of liberators. The countries which organized popular resistance against the French occupation carried out **reforms in their social and political system**. The leading powers of Europe did not succeed in restoring the old order either in France or in the countries that the Revolution had reached.

The **ideas of liberty and democratic rights** were the most important legacy of the French Revolution. These spread from France to the rest of Europe during the 19th century, where **feudal systems** were abolished. Colonised peoples reworked the **idea of freedom** from bondage into their movements to create a sovereign nation state. Tipu Sultan and Rammohan Roy are two examples of individuals who responded to the ideas coming from revolutionary France.

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Revolutions in Central and South America

The impact of the Revolution was felt on the far away American continent. Revolutionary France had abolished **slavery** in her colonies. The former French colony of **Haiti** became a republic. This was the **first republic established by the black people**, formerly slaves, in the Americas. Inspired by this example, revolutionary movements arose in the Americas to overthrow foreign rule, to abolish slavery and to establish independent republics.

The chief European imperialist powers in Central and South America were **Spain and Portugal**. Spain had been occupied by France, and Portugal was involved in a conflict with France. During the early 19th century, these two imperialist countries were cut off from their colonies, with the result that most of the Portuguese and Spanish colonies in Central and South America **became independent**. The movements for independence in these countries had earlier been inspired by the successful War of American Independence. The French Revolution ensured their success.

By the third decade of the 19th century, almost entire **Central and South America had been liberated** from the Spanish and the Portuguese rule and a number of independent republics were established. In these republics slavery was abolished. It, however, **persisted in the United States** for a few more decades where it was finally abolished following the Civil War. Simon Bolivar, Bernardo O'Higgins and San Martin were the **great leaders in South America** at this time.

NAPOLEONIC ERA – ITS SIGNIFICANCE IN WORLD HISTORY

Educated for the army in France, he became a second lieutenant at the age of 16; did not take active part in the Revolution, but gained prestige through his own military victories. Successfully led an expedition into **Italy** at the age of 26; also led an expedition against **Egypt** with the aim of crippling English Commerce. Though it was a military failure, he used it to abolish the Directory and establish a thinly veiled **dictatorship** in the form of the consulate, of which he became the first consul.

The Consulate (1799-1804)

By manipulating the public opinion, he succeeded in abolishing the Directory and establishing the Consulate. A **new constitution** was ratified by the French people. Napoleon, as First Consul presided over the most important body, viz. the Council of State and all the local government officials were appointed directly by him, a fact which shows the amount of **centralization** achieved by him.

Napoleonic Empire (1804-1814)

Before beginning his task of subduing Europe, he made himself the Emperor of France and tried to **revive the dignity of the old empire**. Except England which remained invincible, all the **continental European powers** (Spain, Prussia, Austria, etc.) fell before his well-directed military campaigns. He tried unsuccessfully to cripple England through the '**Continental System**' (blocking the continental ports in order to cripple English commerce which was the main source of her strength), and his control over Europe gradually dwindled.

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Though he could **conquer kings and inefficient armies**, he could not do the same when the peoples, aroused by his imperialistic activities, rose in rebellion. Defeated in Russia in 1812, the Allies closed in on France. **England** in alliance with continental powers defeated him in the "**Battle of Nations**" at **Leipzig** (1813) and he was sent into exile on the island of Elba in 1814; His escape and return to France in 1815; his "**Hundred Day**" rule and his final defeat in the "**Battle of Waterloo**" and his imprisonment in St Helena till his death in 1821.

After the defeat of Napoleon, the **old ruling dynasty** of France was restored to power. However, within a few years, in 1830, there was another outbreak of revolution. In **1848**, the monarchy was again overthrown though it soon reappeared. Finally, in **1871**, the **Republic** was again proclaimed.

Causes for His Fall

1. **Weaknesses of the Napoleonic System:** defects of dictatorship; too much dependence on one person; its militaristic nature (War face cannot be continued for ever); Adoption of his tactics of warfare by the opponents from 1819; etc.
2. **Spirit of Nationalism:** Spread of Nationalism in the conquered territories and the growing hatred among the subject people for the foreigners.
3. **Naval superiority** and strong finances of Great Britain.
4. Failure of the **Continental system**.
5. **Peninsular War** with Spain and Russian Campaign: while the former exhausted the resources of France, the latter ended in disaster for Napoleon and for France.

Significance

1. Preservation and popularization of the **important theories and ideals** of the French Revolution such as the ideals of **Liberty, Equality and Fraternity**, and the theories of Nationalism, Democracy etc.
2. Introduction of "**New Regime**" which was marked by a centralized government based on the doctrine of popular sovereignty and supported by a national army, a national school system and a parliament that represented the citizen body instead of the classes.
3. Introduction of the "**Code Napoleon**" consisting of a civil code, codes of civil Procedure and Criminal procedure, a penal code and a commercial code; it preserved the fruits of the French Revolution not only for France but almost for the whole of Western Europe and part of America.
4. Adoption of the policy of **religious toleration** by the state for the first time.
5. Encouragement to the **technological and industrial revolution**.
6. **Public work** at structure of bridges, roads, monumental buildings etc; and beautification of the cities.
7. **Educational reforms** by opening of state supported schools to all citizens and-perpetuation of the principles of lay education.

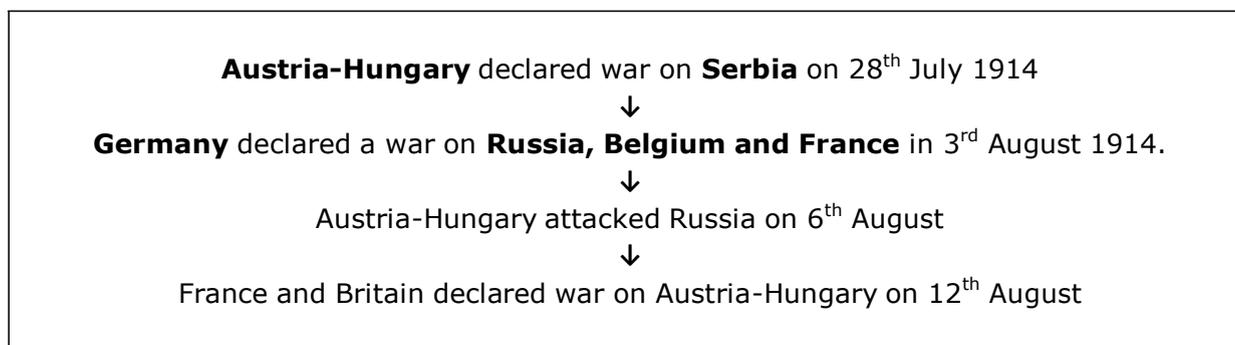
WORLD WARS

The two wars were caused by a variety of factors. The beginning of the century witnessed the division of the world into major **international forces based on distinct ideologies**. These forces were well equipped with the weapons of modern warfare. In the initial decades of the 20th century they competed with each other for a **domination of the entire world**. Since their conflicts and rivalries could not be resolved through any peaceful mechanism, they resulted in the outbreak of the two world wars.

The damage caused by this war had no precedent in history. In the earlier wars, the **civilian populations** were not generally involved and the casualties were generally confined to the **warring armies**. The war which began in 1914 was a **total war** in which all the resources of the warring states were mobilized. It affected the economy of the entire world the casualties suffered by the civilian population from **bombing of the civilian areas** and the famines and epidemics, caused by the war far exceeded those suffered by the armies. The battles of the war were fought in Europe, Asia, Africa and the Pacific. Because of the unprecedented **extent of its spread** and its total nature, it is known as the **First World War**.

THE WARRING NATIONS IN THE WORLD WARS

The theatre for the **First World War** got located in the **Balkans** which was then a region of **competing nationalisms** and **ethnic conflicts**. Briefly the drama of the First World War unfolded in the following manner:



German violation of Belgium neutrality gave the **British** a convenient excuse to enter the war on the side of France and Russia. British **world-wide interests** made the war a **global conflict**, drawing into it the dominions of Australia, Canada, New Zealand, South Africa and the greatest British colonial possession, **India**; and later the United States, because of close British links with it. **Italy**, diplomatically aligned with Austria and Germany since the **Triple Alliance of 1882**, declared its neutrality at the start of the war. It was avidly pursued by France and Britain. In May 1915, the Italian government **succumbed to Allied temptations** and declared war on Austria-Hungary in pursuit of territorial expansion.

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In the **Second World War, division of the world** into two armed camps followed more or less **same pattern** as for the First World War. Only a few states such as Italy, Japan, Turkey, and Romania switched their sides either because of **dissatisfaction** with territorial gains in the first War or due to **ideological reasons**. Germany, Italy and Japan (known as the **Axis Powers**) were joined by Bulgaria, Hungary, Romania, Albania, Finland and Thailand. The **Allied armed camp** mainly consisted of Britain, France, and Soviet Union, Belgium, Denmark, Turkey and the United States. Other major belligerents siding with the Allies included Argentina, Australia, Canada, Brazil, Greece, Czechoslovakia, Egypt, South Africa, Netherlands, Norway, Poland, etc.

AXIS POWERS IN WW-II	ALLIED POWERS IN WW-II
Germany	Britain
Austria	United States
Hungary	France
Italy	Soviet Union
Japan	Belgium
Romania	Denmark
Bulgaria	Turkey
Albania	Greece
Finland	Czechoslovakia,
Thailand	Netherlands, Norway, Poland, etc.

Italy, Japan, Turkey, and Romania switched their sides from WW-I

WARS AS THE WARS OF IDEOLOGIES

Modern politics, inaugurated by the revolutions of 18th and 19th centuries and institutionalized through elections, parties and representation, also served to **divide European society and polity along ideological lines**. The spectrum of politics had created **3 major bands** in the 19th century - **left, centre** (liberal democratic) and **right** (counter-revolutionary).

These grouping of territorially demarcated states were based on **basic, ingrained political proclivities** of these states. Britain, France, America, the main **allies** in both wars, had well-established **liberal democratic** traditions. Germany, Austria, Italy, Japan, Hungary lacked such democratic traditions. The **Russian autocracy** under the Romanovs supported western democracies owing to **economic compulsions** as 25% of investments from abroad came from France and Russian banking, railway development and the Southern Russian Industrial Complex all depended on **French capital**. During World War II, ideological compulsions again compelled Communist Soviet Union to ally itself with western liberal democracies against the danger of **extreme right-wing dictatorships** despite inter-war recriminations.

Although **Japan and Italy** helped the Allies in the First World War, both left them during Inter-war period itself and with their dictatorial, authoritarian regimes found their natural allies (the Central Powers) during World War II. The **Ottoman Empire** supported the Central Powers (Axis Powers) during World War-I. However, a **democratically reformed Turkey** joined the Allies in the Second World War.

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However, what differentiated the liberal democratic world from the Central European Empires was not the existence of elections, voting rights and parliaments, but **responsible, accountable governments**. German empire established by **Bismarck** after the **Franco-Prussian War** (1870) was a revolution carried out by the Prussian military. The German Constitution of 1871 entrusted formal sovereignty to a **Federal Council** (Bundesrat). It also established a **Reichstag or parliament** of 400 deputies elected by a direct, secret, adult male suffrage. However, there was **complete lack of parliamentary responsibility** in this system. The empire retained control over the **three pillars of absolutism** in the dominant Prussian state, the army, the bureaucracy and the foreign affairs. **Karl Marx** described the German state as a **military despotism**.

Similarly, the **Habsburg monarchy of Austria-Hungary** was also dominated by medieval social institutions and military methods. Although a sham constitutional government was established in Austria-Hungary in 1861, the **representative elements in parliament** remained restricted and it was dominated by nominated members from the clergy and the big landowning classes. **Universal adult male franchise** was introduced in 1907 but the nature of state remained unchanged. Similarly, a representative parliamentary government was established under the leadership of **Young Turks** in 1908 and the **Ottoman Empire** started disintegrating. However, a reformed democratic policy in Turkey could emerge only after the **fall of Sultan Muhammad VI in 1922**.

War further **forced every individual to take a stance**. **Internal ideological cleavages** were to be avoided to face the enemy from outside. War put the squeeze on ideological space (**hegemonic space**) available within a state. It tended to homogenize citizens, within territorially organized states, at least in their attitudes towards war and national defence and in demonizing enemy states.

CAUSES OF FIRST WORLD WAR (1914-1918)

The greatest event that witnessed the first quarter of the 20th century was the First World War. In nature & character it sharply **deviates from the previous wars**.

- a. It was a **complete war**. It was fought on the land, in the air and over the seas.
- b. It was **fought in different countries** distributed throughout the length and breadth of the world.
- c. Almost **all the countries** of the world, either directly or indirectly experienced vibrations of the war.

Economic imperialism

England, France and Holland first experienced **industrialisation**. By the end of the 19th century Germany and Italy emerged as independent nations and immediately started competing with the other industrialized countries. This period also witnessed substantial **developments in the scientific and technological** sectors. These industrialized countries tried to **possess colonies** for the supply of **raw-materials** and to serve the purpose of **markets** in every nook and corner of the world. That led to bitterness and rivalries. The underlying causes of the war were the rivalries and conflicts among the **imperialist countries**.

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The **imperialist conquest of Asia and Africa** was accompanied with conflicts between the imperialist countries. Sometimes the imperialists were able to come to „**peaceful settlements**“ and agree to divide a part of Asia or Africa among themselves without resorting to the use of force against each other. At other times their rivalries created situations of war. Wars were generally avoided at that time because the possibilities of further conquest were still there. By the **end of the 19th century**, however, the situation had changed. Most of Asia and Africa had already been divided up and further conquests could take place **only by dispossessing some imperialist country** of its colonies.

The efforts to establish colonies, Protectorates and **spheres of influences** in various parts of the world also resulted in bad blood among nations. **Germany tried to capture markets** which were already under the control of Britain; that led to bitterness between the two countries. Another important factor that fanned the flames of rivalry and enmity was **tariff restrictions**. Every country preferred exports but not imports. Thus there were **tariff wars** between the various countries. It resulted in the worsening of the relations between the nations. Both **Britain and France were alarmed** at the expansion of German manufactures as they considered it a serious threat to their position

Italy, which after her unification had become almost an equal of France in power, coveted **Tripoli** in North Africa which was under the Ottoman Empire. She had already occupied Eritrea and Somaliland. **France** wanted to add **Morocco** to her conquests in Africa. **Russia** had her ambitions in **Iran**, the territories of the Ottoman Empire including Constantinople, the Far East and elsewhere. The **Russian plans** clashed with the interests and ambitions of Britain, Germany and Austria. **Japan** which had also become an imperialist power had ambitions in the **Far East** and was on way to fulfilling them. She defeated Russia in 1904. **Britain** was involved in a conflict with all other imperialist countries because she had already acquired a vast empire which was to be **defended**.

Conflicts within Europe

The **Balkan countries** had been under the rule of **Ottoman Turks**. However, in the 19th century, the Ottoman rule had begun to collapse. The Russian Czars hoped that these areas would come under their control. They encouraged a movement called the **Pan-Slav movement**. Other major European powers were alarmed at the growth of Russian influence in the Balkans. Corresponding to the Pan-Slav movement, there was a **Pan German movement** which aimed at the expansion of Germany all over central Europe and in the Balkans. Italy claimed certain areas which were under Austrian rule.

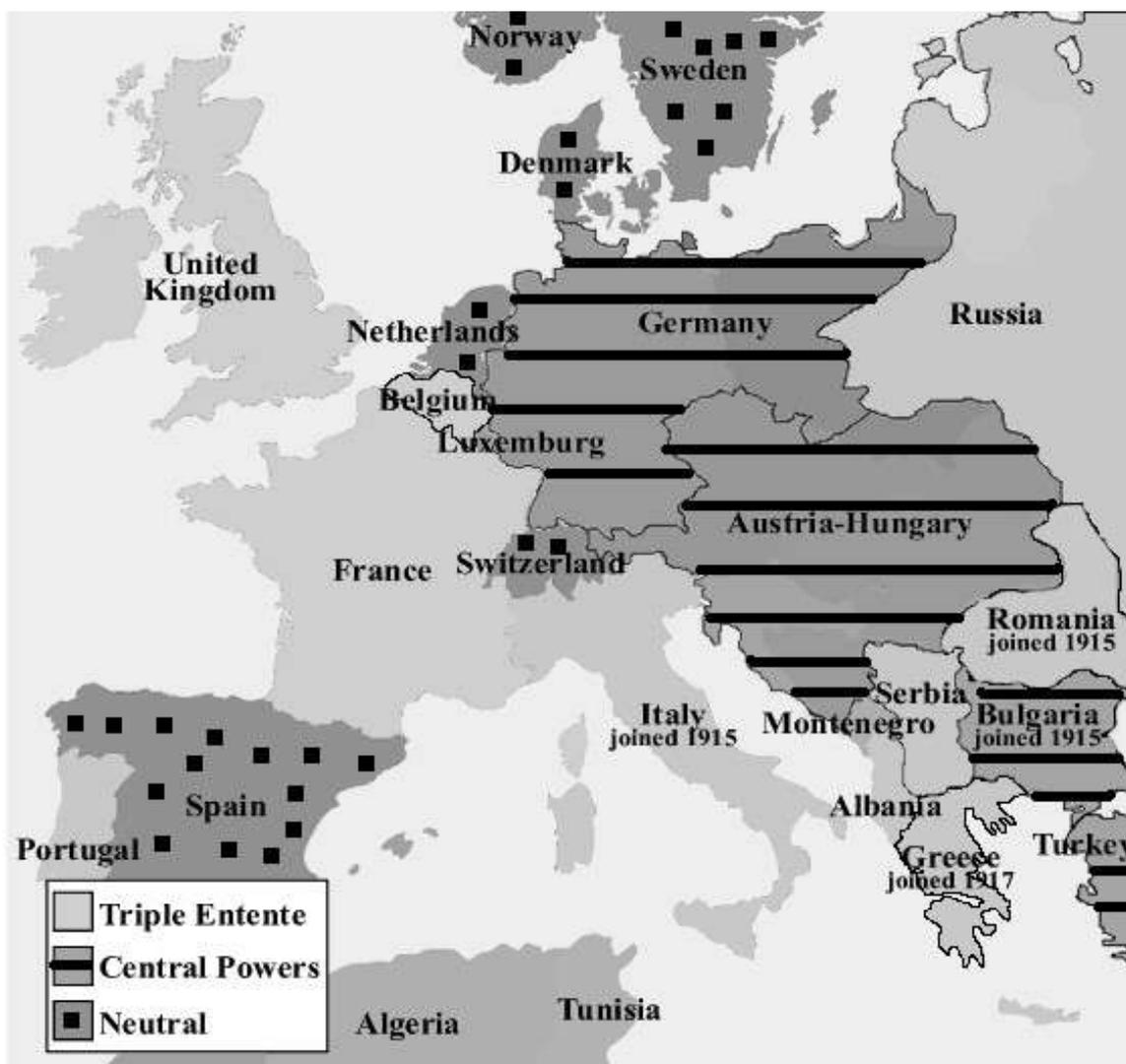
Militarism and Formation of Alliances

The conflicts within Europe had begun to create a very tense situation. European countries began to **form themselves into opposing groups**. In the early part of the 20th century, most of the powerful countries in Europe started building up **powerful standing armies**, elaborate espionage system, strong navies. Much of the **national wealth** was spent to increase the strength and power. These powerful

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armaments were alleged to be for defence and in the **interest of peace**. They actually created a **sense of universal fear**, suspicion, mistrust and hatred in between the nations. This is amply attested by **naval competition** between England & Germany. Such a race in building powerful and dangerous weapons could end only in a war.

In **1882** was formed the **Triple Alliance** comprising Germany, Austria-Hungary and Italy. As opposed to this, emerged the **Triple Entente** comprising France, Russia and Britain in **1907**. European countries also entered into **secret treaties** to gain territories at the expense of others. Often, these secret treaties leaked out and fear and suspicion grew in each country about such treaties.



Lack of machinery to control international relations

There was confusion and **anarchy in the international relations** of the nations. Everything was kept as secret and nothing was known about them to the people. It was found that the **secrets of diplomacy** were not even known to all the members of the same ministry. Even the legislatures were kept completely in the dark with regard to international commitments. **Secret diplomacy** created a lot of confusion in the minds of people. Although there was a **code of international law** and morality

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there was no power to enforce the same. Many resolutions were passed in the international conferences. The states followed these resolutions more in breaching rather than in honoring.

Excessive or narrow nationalism

The excessive or narrow nationalism and **competitive patriotism** fanned the flames of hatred, enmity and bitterness amongst nations. The love of one's country demanded the **hatred of another**. Love of Germany demanded the hatred of France and vice versa. Italy and Germany after unification started the **policy of expansion** at the expense of the national sentiments of others. It was the **intense nationalism in Serbia** which created bitterness between Serbia and Austria-Hungary.

Allsace-Lorraine question

The **Franco-Prussian War** and the **Treaty of Frankfurt** enabled Germany to occupy Allsace and a part of Lorraine. The government of the **Third Republic in France** left no stone unturned to keep alive the spirit of revenge and the hope of recovery of Allsace and Lorraine. There was also **economic motive** for getting back the Allsace and Lorraine. The **iron deposits** are found in abundance in these regions. The iron and steel magnates of France felt that their industries were paralyzed on account of the loss of Allsace and Lorraine.

COURSE OF THE WAR

Germany had hoped that through a **lightning strike through Belgium**, she would be able to **defeat France** within a few weeks and then turn against Russia. When German troops were within 20 km of Paris, Russia had opened attacks on Germany and Austria on the eastern front. Soon the German advance on France was halted and the war in Europe entered a **long period of stalemate**. In the meantime the war had spread to many other parts of the world and battles were fought in West Asia, Africa and the Far East.

A new type of warfare developed. The warring armies **dug trenches** from which they conducted raids on each other. On the **Western Front**, which included eastern France and Belgium, the troops of the warring sides dug trenches and continued their raids on each other's positions for about 4 years. On the **Eastern Front**, Germany and Austria succeeded in repulsing the Russian attack and capturing parts of the Russian empire. They were also successful against Rumania, Serbia and Italy. **Japan** occupied German possessions in East Asia, and **Britain and France** seized most of the German colonies in Africa.

In **April 1917**, the **USA** declared war on Germany. USA had become the **main source of arms** and other essential supplies for the Entente countries. **Economic considerations** had turned them even more in favour of the Entente countries. These countries had raised vast amounts of loans in USA to pay for the arms and other goods bought by them. Many Americans had subscribed to these loans which could be paid back only, if these countries won the war. There was also a fear that if Germany won the war, she would become a **serious rival to USA**.

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Another major development that took place in 1917 was the withdrawal of Russia from the war after **October Revolution**. Russia decided to withdraw from the war and signed a peace treaty with Germany in March 1918. The **Entente powers** which were opposed to the revolution in Russia and to the Russian withdrawal from the war started their **armed intervention in Russia** in support of the elements which were opposed to the revolution. This led to a **civil war** which lasted for three years and ended with the defeat of foreign intervention.

END OF FIRST WORLD WAR

In **January 1918**, Woodrow Wilson, President of the United States, proposed a peace programme. This has become famous as President **Wilson's Fourteen Points**. These included the conduct of negotiations between states openly, freedom of navigation, reduction of armaments, independence of Belgium, restoration of Alsace Lorraine to France, creation of independent states in Europe, formation of an international organization to guarantee the independence of all states, etc. Some of these points were accepted when the peace treaties were signed at the end of the war.

Faced with an effective **British blockade**, fierce resistance from the British and French Armies, the entrance of the **United States Army**, political unrest and starvation at home, an **economy in ruins**, mutiny in the navy, and mounting defeats on the battlefield, the German generals requested **armistice negotiations with the Allies** in November 1918. Under the terms of the armistice, the German Army was allowed to remain intact and was not forced to **admit defeat** by surrendering. The failure to force the Germany to admit defeat would have a huge **impact on the future of Germany**.

Although the army was later reduced in size, its impact would be felt after the war as a political force **dedicated to German nationalism, not democracy**. The German General Staff also would support the false idea that the army had not been defeated on the battlefield, but could have fought on to victory, except for being betrayed at home, the infamous '**Stab in the Back**' theory. This 'Stab in the Back' theory would become hugely popular among many Germans who found it impossible to swallow defeat. During the war, **Adolf Hitler** became obsessed with this idea, especially laying blame on Jews and Marxists in Germany for undermining the war effort. To Hitler, and so many others, the German politicians who signed the armistice on November 11, 1918, would become known as the '**November Criminals**'.

Treaty of Versailles with Germany

The Germans submitted to the ultimate peace based on the US President **Woodrow Wilson's 14 Points**, however, but they had to sign was something else. Germans felt cheated. Moreover, the German delegates who came for peace settlement were **humiliated**. It was in these circumstances that they signed the treaty in June 1919. **Main Provisions** of the treaty were:

- a. German emperor William II was charged with the **supreme offence against international morality** and the sanctity of treaties. He was to be tried by a tribunal. Germany was forced to admit that she was responsible for the war.
- b. Germany was to **pay reparations for the damage done to the Allies**; the amount was fixed at 6,600 million.

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- c. An attempt was made to cripple once for all the **military strength** of Germany: a) The German General Staff was abolished; b) The total strength of the German army was fixed at one lakh and c) Restrictions were placed on the manufacture of armaments, munitions and the other war materials by the Germany.
- d. Germany was forced to give up all her rights and titles over her **overseas possessions** and these were distributed among Allies. The Allies also reserved to themselves the **right to retain or liquidate** all property, rights and interests of the German nationals or companies abroad and the German government was required to pay compensation to them.
- e. The **German rivers**, Elbe, Oder, Danube and Niemen were internationalized.
- f. Germany had given **Allsace-Lorraine to France**, a large part of Posen and western Prussia to Poland and many other areas to Belgium & other countries.
- g. **Danzing** was taken away from Germany and setup as a free city under the League of Nations, thus creating a **-Polish corridor**ll.
- h. Germany had to give up her right over the coal mines of the **Saar valley**. The **Rhineland** was demilitarized. Germany was forbidden to maintain or construct any fortifications on either side of the Rhine River.
- i. **Complete independence** & full sovereignty of Belgium, Poland & Czechoslovakia were recognized by Germany. Germany gave up her **special rights** and privileges in China, Egypt, Thailand, Morocco and Liberia.

EFFECTS OF THE FIRST WORLD WAR

Many of the **seeds of World War-II** in Europe were sown by the Treaty of Versailles that ended World War-I. In its final form, the treaty placed **full blame for the war** on Germany and Austria-Hungary, as well as exacted harsh financial reparations and led to territorial dismemberment. The treaty caused **resentment and a deep mistrust** of their new government, the Weimar Republic. The need to pay war reparations, coupled with the instability of the government, contributed to **massive hyperinflation** which crippled the German economy. This situation was made worse by the onset of the Great Depression. The return of annexed colonies and other terms of treaty were seemed **harsh and humiliating** by the Germans who could not accept it.

Rise of Fascism and Nazism (discussed in detail elsewhere)

In **1922**, **Benito Mussolini** and the **Fascist Party** rose to power in Italy. Believing in a strong central government and strict control of industry and the people, Fascism was a reaction to the perceived failure of free market economics and a deep fear of **communism**. Highly militaristic, Fascism also was driven by a sense of **belligerent nationalism** that **encouraged conflict** as a means of social improvement. By 1935, Mussolini was able to make himself the **dictator of Italy** and transformed the country into a police state.

In Germany, Fascism was embraced by the **National Socialist German Workers Party**, also known as the Nazis. Swiftly rising to power in the late 1920s, the Nazis and their charismatic leader, **Adolf Hitler**, followed the central tenets of Fascism while also advocating for the racial purity of the German people and **additional German Lebensraum** (living space). Playing on the economic distress in Weimar Germany and backed by their "**Brown Shirts**" militia, the Nazis became a political force.

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In 1935, in clear violation of the Treaty of Versailles, Hitler ordered the **remilitarization of Germany**, including the **reactivation of the Luftwaffe** (air force). As the German army grew through conscription, the other European powers voiced minimal protest as they were more concerned with enforcing the economic aspects of the treaty. In a move that tacitly endorsed Hitler's violation of the treaty, Great Britain signed the **Anglo-German Naval Agreement**, which allowed Germany to build a fleet one third the size of the Royal Navy and ended British naval operations in the Baltic. Hitler further violated the treaty by ordering the **reoccupation of the Rhineland** by the German Army.

Not wanting to become involved in another major war, **Britain and France avoided intervening** and sought a resolution, with little success, through the League of Nations. Emboldened by Great Britain and France's reaction to the Rhineland, Hitler began to move forward with a plan to **unite all German-speaking peoples** under one "**Greater German**" regime. Again operating in violation of the Treaty of Versailles, German troops crossed the border to enforce **annexation of Austria**. A month later the Nazis held a **plebiscite** and received 99.73% of the vote. International reaction was again mild, with Great Britain and France issuing protests, but still showing that they were unwilling to take military action.

Other Effects

The period after the war saw the war saw the **beginning of the end of the European supremacy** in the world. Economically and militarily, Europe was surpassed by the **United States** which emerged from the war as a world power. The Soviet Union was also to soon come up as a major world power. The period after the war also saw the **strengthening of the freedom movements** in Asia and Africa. The weakening of Europe and the emergence of the Soviet Union which declared her support to the struggles for national independence contributed to the growing strength of these struggles. The Allied propaganda during the war to **defend democracy**, and the participation of Asian and African soldier in the battles in Europe also helped in arousing the peoples of Asia and Africa.

The European countries had utilized the **resources of their colonies** in the war. The **forced recruitment** of soldiers and labourers for war, and the exploitation of resources of the colonies for war by the imperialist countries had created resentment among the people of the colonies. The population of the colonial countries had been nurtured on the myth that the peoples of Asia and Africa were **inferior to the Europeans**. The **role played by the soldiers** from Asia and Africa in winning the war for one group of nations of Europe against another shattered this myth. Many Asian leaders had supported the war effort in the hope that, once the war was over, their countries would be given freedom. These hopes were, however, belied. While the European nations won the **right to self-determination**, colonial rule and exploitation continued in the countries of Asia and Africa.

CRITICAL ANALYSIS OF THE TREATY OF VERSAILLES

The treaty was concluded between the Allies and Germany. The Germans had expected the peace terms to be based on the Fourteen Points of Woodrow Wilson. But they were cheated. The peace settlement was a **-Carthagian Peace**. It was

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immeasurably **harsh and humiliating**. It was based on the principle: To the victor belong the spoils and allies are the victors. The treaty of Versailles was **imposed on the people** of Germany. It was a **dictated peace**. The Germans were not in a mood to accept the treaty, but it was only when they were **threatened with the invasion** of their country they surrendered and signed the treaty. It had absolutely **no moral backing**.

The peace settlement was made in a **spirit of revenge**. The peace makers ought to have remembered treatment of Germany was more likely to maintain peace in Europe than the **punishment of the German people**. The allies not only scored victory over Germany but also converted it as a **Republic**. The victors should have treated the Germans kindly and accorded the required strength and support to the Republic. As they did not do so, the **Republican forces in Germany were weakened** from the very beginning. If the bad treatment of France by **Bismarck** in 1870-71 led to the war of 1914, the treaty of Versailles of 1919 was partly responsible for the Second World War.

The creation of **-Polish Corridor** was a great **political blunder** committed by the Allies. The grant of corridor to Poland through Germany divided Germany into two parts. This act created **bitter resentment** amongst Germans. It is this thoughtless act of the Allies which made Hitler, at a later time, to create the **-Polish Crisis** which is the sign and signal for the outbreak of the Second World War.

The peace makers also could not realize the importance of the **Italian contribution** in the war. Thus Italy was very much disappointed at the peace settlement. Very big and **tempting promises** and assurances were given to Italy in 1915 and hence she deserted the Central Powers and joined the Allies. She had lost millions of soldiers and lost millions of dollars during the course of the war. After the end of the war Italy got very little as compared with what was secured by Great Britain, France and Japan. The Italian patriots were upset when they got **no colonial possessions**.

It has been advocated that the **principle of national self-determination** received due recognition in the peace settlement. More people were placed under governments of their own nationality than ever before in Europe. Poland, Yugoslavia and Czechoslovakia were created on the basis of this principle. However, **3 million Germans** were placed in Czechoslovakia and 1 million in Poland. It was done with the view that these **new states** needed them to be economically viable. These instances gave Hitler an excuse to begin territorial demands on these countries. Further, the **attempt of France to get Rhine** frontier and of Italy to get Dalmatia could not be justified on the grounds of nationality.

The authors of the peace settlement were condemned for their attitude toward **Armenian Christians**. These people had suffered terribly under the **Turkish yoke** and there were wholesale massacres from time to time. During the war, Britain declared that the **Armenians would be liberated from the Turkish domination**. However, when the final settlement was made with Turkey, the promise was not kept. The unfortunate Armenians were left at the mercy of the Turks and had to suffer immensely later on.

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In conclusion we may state that this collection of peace treaties was **not a conspicuous success**. It had the unfortunate effect of **dividing Europe** into the states. Some wanted to revise the settlement and the others desired to preserve it. The real weakness of the Versailles system, however, lies not in the **creation of small states** to the east and south of the Germans but in the absence of any effective means of maintaining and **defending their existence**.

It should be noted here that **U.S.A. failed to ratify** the settlement and **refused to join the League of Nations**. This left France completely disenchanted with the whole thing because the Anglo-American guarantee of their frontiers could not now apply. Italy felt cheated because she had not received the full territory promised to her in 1915. Russia was ignored. All this tended to **sabotage the settlement** from the beginning, and it became increasingly difficult to apply the terms fully. These accumulated defects reached its cumulative point when World War-II broke out in 1939.

OTHER TREATIES

1. **Treaty of Germaine** (1919): This was concluded between the Allies and the **Austria-Hungary**. **Hungary** was cut off from Austria and the latter was made to recognize the independence of the former. Bohemia and Moravia were taken away from Austria and were formed the part of a new state by name **Czechoslovakia**. Dalmatia, Bosnia and Herzegovina were given to **Serbia**. Montenegro was later on added to it. Thus the new state of **Yugoslavia** was formed.
2. **Treaty of Trianon** (1920): This treaty was concluded between the Allies and **Hungary**. Slovak provinces were given to Czechoslovakia, Transylvania to Rumania and Croatia was given to Yugoslavakia.
3. **Treaty of Neuilly** (1919): This treaty was concluded between the Allies and **Bulgaria**. Bulgaria gave up most of those territories which she had got during the Balkan wars of 1912-13 and the First World War. Bulgaria gave up **Macedonia** to Yugoslavakia.
4. **Treaty of Severes** (1920): This treaty was signed between the Allies and **Turkey**. **Armenia** was made into a Christian Republic and she was put under an international guarantee. Syriya was given to France, and Mesopotomia, Palestine & Trans-Jordan were given to England under the mandate of the League of Nations. The **straits of Dardanelles and Bosporus** were internationalized.

Under the **mandate system**, the territories captured from the Central Powers and Turkey were not to be restored to them and were also not to be given to any victorious country for annexation. The administration of these conquered territories was entrusted to various powers under the **supervision of the League of Nations**.

THE GREAT DEPRESSION

The Great Depression was a period of **worldwide economic depression** that lasted from 1929 until approximately 1939. The starting point of the Great Depression is usually listed as October 29, 1929, commonly called **Black Tuesday**. This was the date when the **stock market** fell dramatically 13%. This was after two previous stock market crashes on Black Tuesday (October 24), and Black Monday (October 28). The **Dow Jones Industrial Average** would eventually bottom out by July, 1932 with a loss of approximately 89% of its value.

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During the next 4 years, more than **9,000 American banks closed down** and millions of people lost their life's savings. The manufacturers and farmers could not get any money to invest and as people had little money to buy, the goods could not be sold. This led to the **closing of thousands of factories** and throwing of workers out of employment. The **purchasing power** of the people was thus reduced which led to the closing down of more factories and to unemployment. Further, a **severe drought** across America meant that agricultural jobs were reduced.

However, the actual causes of the Great Depression are much more complicated than just the stock market crash. In fact, historians and economists do not always agree about the exact causes of the depression. It was the **worst economic crisis faced by capitalism** in general and all the capitalist economies in particular. The Depression began to spread to all the **capitalist countries of Europe** in **1931**. After the **First World War**, the economies of the countries of Europe, excluding Russia, had become **closely connected** with and even dependent on the economy of USA, particularly on the American banks. The consequences of the Depression in Europe were similar to those in the USA and in some cases even worse. The **economies of the colonies** of the European countries were also affected.

Further, the roots of the Depression lay in a **fundamental imbalance** in the economic structure, aggravated by the **peace settlement** following World War-I. Seeming prosperity in the USA during the 1920s concealed the dangers, but agriculture and other important sectors were depressed, as was much of Europe's economy. What the Wall Street crash did was to **expose all these weaknesses** of the US as well as other capitalist's economies. **Other Causes included:**

- a. Unequal **income distribution**, which limited the consumer goods market and made investment and luxury spending erratic.
- b. **Fraudulent business** such as hoarding, black-marketing;
- c. Defective **banking structure** (which contained too many small independent units).
- d. The **new creditor position** of the USA and the problems related to it.
- e. The poor state **economic intelligence**.

It may appear surprising that the crisis was **caused by overproduction**. When production increases but the **purchasing power** of the workers remains low, the goods cannot be sold unless their prices are reduced. However, the prices cannot be reduced because this would **affect the profits**. So the **goods remain unsold** and the factories are closed to stop further production. With the closure of factories people are thrown out of employment which makes the situation worse as the goods which have been produced cannot be sold. Such crises occurred often in almost every country after the spread of the **Industrial Revolution**. The only country which was **not affected** by the depression was the **Soviet Union**.

Impacts of Depression

Economic Impact

- A. Effects on USA
 - a. Several factories, mills and shipyards were **closed down**.
 - b. Unsalable expensive **cars piled up**;

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- c. Farmers went **bankrupt** and their lands went wild.
- B. Effects on European Countries
- a. American **investment in Germany** ceased in 1929 and next year American loans were called in.
 - b. The wicked and absurd system based on **reparations** now had its natural results; **bank after bank broke down** in almost all the countries.
 - c. London had been the financial centre of World. But with the **breakdown of the pound** and the abandonment of the gold standards, international trade was now in chaos.

Social Impact

1. **Mass unemployment** which reached tragic proportions. US-14 million (25% of labour force); UK-3 million (same percentage as in US); Germany- 40% trade unions.
2. Drastic decline in **living standards**; wholesale **misery** and privatization in almost all countries; leading to frustration and tensions.

Political Impact

1. USA- Democrats (Liberal) in place of Republicans (Conservative) came to power.
2. Spain-Republic instead of Monarchy.
3. UK-Conservatives in place of Liberals.
4. Japan-militarists and fascists in place of liberal politicians.
5. Germany- Nazis in place of social democrats.
6. Countries in Eastern and Central Europe and in South America-dictators instead of parliamentary governments.

Governmental Response

Since 1930s the economists began to feel that **governments should have intervened** with appropriate **weapons of social reconstruction** to remedy the situation. This Depression had such severe consequence that even reluctant governments could not stand aside. The **Price of non-intervention** was social revolution and intervention was or could be a remedy to counter-revolution. Intervention, therefore **took place pragmatically**, and its forms were at first Orthodox in that they consisted of old well trained methods. As the depression continued, **protection** tended to be used increasingly aggressively to bargain with other countries and penetrate foreign markets. The immediate effect of all these measures was to reduce the volume of **international trade** and create conditions of trade war.

The depression itself had prepared the ground for **recovery through the normal cyclical process** and most years of the 1930s were years of recovery. **Recovery came slowly** and in many countries was far from complete by World War-II. All governments realized that something had to be done to relieve what amounted to a **national Catastrophe**. The Soviet Union's example had begun to turn thoughts towards planning. But the real innovation came when what was done in some cases by accident was **pursued systematically**. Two experiments had to character of mode is to be

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emulated or to be avoided. First- **National Socialist Policy**, adopted in Germany by Adolf Hitler Second- the **New Deal** proposed and practiced by Roosevelt in U.S.A.

Franklin Roosevelt and His New Deal

Herbert Hoover was president at the beginning of the Great Depression. He tried to institute reforms to help stimulate the economy but they had little to no effect. By **1933**, unemployment in the United States was at a staggering 25%. **Franklin Roosevelt** became president in March 1933 and immediately instituted the **First New Deal**. This was a comprehensive group of **short-term recovery programs**. It not only included **economic aid** and **work assistance** programs but also the **end of the gold standard** and of prohibition. This was then followed by the **Second New Deal** programs which included more **long term assistance** such as the Federal Deposit Insurance Corporation (FDIC), the Social Security System, the Federal Housing Administration (FHA), Fannie Mae, the Tennessee Valley Authority (TVA), and the Security and Exchange Commission (SEC).

However, there is still question today about the **effectiveness** of many of these programs as a **recession occurred in 1937-38**. During these years, unemployment rose again. Some blame the New Deal programs as being **hostile towards businesses**. Others state that the New Deal, while not ending the Great Depression, at least **helped the economy** by increasing regulation and preventing further decay. In 1940, unemployment was still at 14%. However, with **America's entry into World War II** and subsequent mobilization, unemployment rates dropped to 2% by 1943. While some argue that the war itself did not end the Great Depression, others point to the **increase in government spending** and increased job opportunities as reasons why it was a large part of the national economic recovery.

FAILURE OF THE DISARMAMENT POLICY

It was realized the **militarism** was one of the important causes for the outbreak of the First World War. The treaty of Versailles not only **disarmed Germany** but also expected that the other powers would follow suit so that peace could be maintained in the world. As a matter of fact, **Great Britain began to disarm** herself gradually and she followed that policy to a dangerous point of national security. France was asked to do likewise but she refused to do so, on the ground of **national security**. The same was the case with the other countries of Europe.

Disarmament conferences were held and earnest attempts were made to limit the armed race. But the efforts were not crowned with success. The result was that when Hitler came to power in Germany he decided to scrap those clauses of the treaty of Versailles which put limitations on the German armaments. In 1935, **conscription was introduced** in Germany. The **Rhineland was remilitarized** and occupied by the German troops. The same was the case in Japan and Italy. The military preparations of the Axis Powers forced the democratic states to arm themselves. Militarism and **flagrant violation of the disarmament policy** in both the camps were bound to result ultimately in an armed conflict.

THE WEAKNESS OF THE LEAGUE OF NATIONS

Unfortunately, when hostility was growing between the two camps there was **no effective international organization** which could bring the leaders of the two camps on a common platform and bring about reconciliation between them. The League of Nations was **practically dead**. It had ceased to exist as an effective political force after her failure on the question of **Manchuria and Abyssinia**. Both big and small states **lost their confidence** in that international organization and the only alternative left was that the parties should have a trial of strength by an armed conflict. It was unfortunate that the very people who could have worked for the success of the League were not honest and made sincere in their actions. They all tried to use the League to serve their personal ends.

PROBLEMS CREATED BY THE NATIONAL MINORITIES

During the course of the first World War and when it was about to be terminated the American President **Woodrow Wilson** announced his **famous Fourteen Points** of which the principle of **national self determination** was the most prominent one. Its **application was conditioned by** such factors as economic necessity, military defence, religious and political traditions and punishing of the defeated nations. In some areas of Central Europe, the **principle could not be applied** as the national minorities were **intermixed** in such a way that the drawing of clear-cut frontiers was not possible.

The result was that the **members of one nationality were included in the boundaries of the other states** in which they were in **minority**. It is these minority groups which became the hot-beds of discontents and dissent. Germany under Hitler raised the cry that the Germans were being **mercilessly persecuted** and she had every right to liberate them. That served as a convenient pretext to Hitler for the **annexation of Austria**, the Sudetenland and subsequently Poland which led to the Second World War.

MANCHURIAN CRISIS

The desire and determination of **Japan to have firm control** over Manchuria is said to be the main motive for Japan to wage innumerable wars and also its participation in the World War II. The whole episode of occupation of Manchuria, the creation of Manchukuo and the withdrawal of Japan from the League is known as the Manchurian Crisis. Manchuria held importance to Japan due to its **economic and strategic factors**. Manchuria was the **granary** in Asia and its richness in **minerals** and fertile soils attracted Japan. Strategically, due to its topographical location and also due to its **two ice-free ports** of Arthur and Dairen, it was important to Japan. Following incidences created this crisis:

- **Treaty of Shimonoseki** (1895): After the Sino-Japanese war, China through this treaty ceded Liotung Peninsula or Southern Manchuria to Japan. But the **Triple Intervention** (Russia, Germany and France) nullified this part of the treaty.
- **Treaty of Portsmouth** (1905): Russia, after her defeat in the Russo-Japanese War, by this treaty, transferred her **lease of Liotung Peninsula** along with his mining and railway privileges there to Japan. But the USA objected to this, and Japan was compelled to accept **Open Door policy** in the case of Manchuria.

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- **21-Demands** (1916): Japan served these demands on China, one of which was meant to **eliminate all competition** to Japan in Manchuria. She was, however, obliged to accept the Open Door Policy in the case of China, including Manchuria, at the Washington Conference of 1921-22.

After some minor incidents in Manchuria in **1931**, Japan used them as an excuse to occupy the whole region. She created the **new state of Manchukuo** in 1932. When the League of Nations, on the appeal of China, objected to the Japanese sections, she withdrew from the League. This occupation revealed the **weakness of League**. In the home front, it relegated political parties in Japan to the background and **strengthened the hold of the militarists**. These developments caused alarm among the Western Powers that brought them together against Japan. It strengthened Japanese due to **systematic exploitation** of Manchuria by Japan.

AMERICAN ISOLATIONISM IN THE 1930s

During the 1930s, the combination of the Great Depression and the memory of tragic losses in World War-I contributed to pushing **American public opinion** and policy toward isolationism. Isolationists advocated **non-involvement in European and Asian conflicts** and non-entanglement in international politics. Although the United States took measures to avoid political and military conflicts across the oceans, it continued to **expand economically** and protect its interests in Latin America. George Washington had advocated non-involvement in European wars and politics. For much of the 19th century, the expanse of the Atlantic and Pacific Oceans had made it possible for the United States to enjoy a kind of "**free security**" and remain largely detached from **Old World conflicts**.

During **World War-I**, however, President Woodrow Wilson made a case for U.S. intervention in the conflict and a U.S. interest in maintaining a **peaceful world order**. Nevertheless, the American experience in that war served to bolster the arguments of isolationists; they argued that **marginal U.S. interests** in that conflict did not justify the number of U.S. casualties; claiming that American **bankers and arms manufacturers** had pushed for U.S. involvement for their **own private profit**. The 1934 publication of the book „**Merchants of Death**“, followed by the 1935 tract "**War Is a Racket**" served to increase popular suspicions of **wartime profiteering** and influence public opinion in the direction of neutrality.

The worldwide **economic depression** and the need for increased attention to domestic problems served to bolster the idea that the United States should isolate itself from troubling events in Europe. During the interwar period, the U.S. Government repeatedly chose **non-entanglement** over participation or intervention as the appropriate response to international questions. Immediately following the First World War, Congress rejected U.S. **membership in the League of Nations** out of concern that it would draw the United States into European conflicts. During the 1930s, the League **proved ineffectual** in the face of growing militarism, partly due to the U.S. decision not to participate.

The **Japanese invasion of Manchuria** and subsequent push to gain control over larger expanses of **Northeast China** in 1931 led President Herbert Hoover to establish the **Stimson Doctrine**, which stated that the United States would not

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recognize the **territory gained by aggression** and in violation of international agreements. With the Stimson Doctrine, the United States expressed concern over the aggressive action without committing itself to any direct involvement or intervention. Other conflicts, including the **Italian invasion of Ethiopia** and the **Spanish Civil War**, also resulted in virtually no official commitment or action from the US Government.

Upon taking office, President Franklin **Roosevelt** tended to see a necessity for the United States to **participate more actively** in international affairs, but his ability was limited by the strength of isolationist sentiment in the U.S. Congress. In 1933, President Roosevelt proposed a Congressional measure that would have granted him the **right to consult** with other nations to place pressure on aggressors in international conflicts. The bill ran into strong opposition from the leading isolationists in Congress. As tensions rose in Europe over **Nazi Germany's** aggressive maneuvers, Congress pushed through a series of **Neutrality Acts**, which served to prevent American ships and citizens from becoming entangled in outside conflicts.

The **2nd Sino-Japanese War** in 1937, **outbreak of war in Europe** in 1939 did not suddenly diffuse popular desire to avoid international entanglements. Instead, public opinion shifted from favoring complete neutrality to supporting **limited U.S. aid to Allies** short of actual intervention in the war. The surprise Japanese attack on the U.S. Navy at **Pearl Harbor** in December 1941 served to convince the majority of Americans that the United States should enter the war on the side of the Allies.

CAUSES OF SECOND WORLD WAR

Second World War was the **global conflict of 1939-1945**, which was in the greatest and **most destructive** war in the history of mankind. It included **gigantic struggles** not only in Europe, but also in Asia, Africa, and Island of the Pacific Ocean. It strained the economic capabilities of many nations and left many countries on the **verge of collapse**. It was an unnecessary war, because chances have been offered to prevent it, but the governments have refused to take them. Their reasons had differed in details, but basically the cause had been **unwillingness to face the truth**-a belief that peace could be secured by ignoring disagreeable facts.

Origins of the War (details have been already discussed)

1. **Unjust Treaty of Versailles** and the vengeful behavior of France.
2. **Demands of Imperialism**- the needs of the newly risen imperialist powers, viz., Germany, Japan and Italy, but jealous attitude of the old imperialist powers (France and England) in protecting their colonies, and hence the conflict of their interests.
3. **Rise of dictatorships** in Germany Italy and Japan, and their aggressive activities.
4. **Failure of the League of Nations** to maintain international peace- Repudiation of the League by Japan (invasion and occupation of Manchuria) and its withdrawal from it; Germany's violation of the League and its withdrawal; Italy's disregard of the League and its invasion of Libya; etc.
5. **Isolationist Policy of the USA**- after the World War I the USA did not join the League, and reviving their old policy of isolationism, the Americans believed that they could simply contract out of world history.
6. **Problem of minorities & refugees** which arose due to the irrational adjustments made in the territorial limits of different nations after the World War-I.

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COURSE OF WW-II

The **German invasion of Poland was the starting point** of the war. When the Germans were smashing the Polish resistance, Russians also invaded Poland from the east. The result was that Poland was conquered and divided between Russia and Germany. In 1939 **Russia attacked Finland** and demanded a part of Finnish territory. Russia had no faith in Germany. It was feared that Germany might conquer Finland and thereby **endanger the safety of Russia**. In 1940, Germany occupied Denmark, Norway, Belgium and Holland. **France was attacked by Germany** from the side of Belgium. France could not stand the might of Germany and surrendered in 1940.

Italy joined the war after the collapse of France. After the entry of Italy into the war, the conflict started between **Italy and Great Britain** in North Africa. Mussolini with the help of the Germans captured **Greece, Create and Yugoslavia**. At this time Britain was left all alone in Europe. Under the dynamic leadership of Churchill, Great Britain was able to pull her up.

Having conquered almost the entire Europe, except Britain, Germany **attacked the Soviet Union** in June 1941, despite the Non-Aggression Pact. Hitler had **grossly underestimated** the strength of the Soviet Union. In the first phase of the war with the Soviet Union, Germany achieved significant victories. However, soon the German onslaught was halted. The Soviet Union had built up her **industrial and military strength**. With the German invasion of the Soviet Union, a new vast theatre of war had been opened. An important development that followed was the emergence of the **British-Soviet-American unity** to fight against aggression. It was as a result of this unity that Germany, Italy and Japan were ultimately defeated.



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1942 marked the turn of the tide for the Allies, Defeat of the Germans by the **Americans** in the Battle of Midway; Defeat of the Germans by the **Russians** and their retreat; Defeat of the Germans and the Italians by the **Allies** in Africa and their expulsion from Africa; Beginning of the **offensive by the Allies**, capture of Sicily and then the whole of Italy by the Allies and the surrender of Italy, gradual advance of the Russians against the Germans on the eastern front; Massive build up of the allied forces on the Western front and their success in pushing the Germans back; Allied reoccupation of the Philippines, and other South East Asian countries; **Unconditional surrender** of all German forces to Britain, Russia, and the United States; Dropping of the Two **Atomic Bombs** on Hiroshima and Nagasaki by the Americans and the Society invasion of Manchuria and the **final surrender** of the Japanese.

NATURE OF THE WARS

The nature of modern warfare was the result of two simultaneous processes:

1. One was the emergence of **modern politics** which implied mobilization of masses around some specific idea, goal or policy. Its manifestation was in the idea of '**nation in arm**' or **conscription** in the French Revolution. This 'democratization of war' transformed wars into mass-wars or **people's war** in which civilians and **civil-life** itself became the proper and sometimes the main target of military strategy.
2. The other was the **growth of industrial economy** which provided the **resources**, the organizational techniques and methods of motivation needed to fight mass-wars thus remodeling them as **total wars**, i.e., towards total involvement of entire industrial societies in war.

WW-I: Trench Warfare and War of Attrition

World War-I deadlocked into **positional trench warfare** along the **Western Front** - a massive seize of 600 miles from Switzerland to the North Sea. This continuous front marked the **end of local, small, isolated and restricted warfare**. Millions of men faced each other across the sand-bagged, parapets of trenches, under which they lived like, and with rats and, lice. There was total mobilisation of human and industrial resources. Warfare became a clash of national resources of industrial might and supply capacity, a **war of attrition**. It required **complete subordination** of the whole life of people and the economy to the cause of war. The war machine **consumed people en masse**. The battle of Verdun in 1916 caused one million casualties. The war, though a European conflict, forced the European powers to **draw supplies from all over the globe** to maintain such huge consumption of resources.

WW-II: Unparalleled Mass Mobilisation

The character of industrial mobilisation **changed markedly** during the **World War-II**. Instead of the mass production of a few key items, as in the First World War, the second global conflict drew on virtually every phase of industry. The **new engines of war**, tanks, aircraft, radar etc. were highly complex and delicate. It required an elaborate system of mass production of several million items according to **schedules and priorities** which went on shifting with new technical development and the changing emphasis of war strategy. This could be planned only by states at a high level of economic development. In 1943-44, **1/3rd of world production** was for war purposes.

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A high level of armed mobilisation, which hovered around 20% for most powers during the Second World War, produced a kind of **social revolution in the employment of women**, temporarily in the World War I and permanently in the World War II. Only Germany avoided this integration of women in the labour market for ideological reasons, as the Nazi State did not consider women worthy of employment outside their houses.

Another important aspect of war was that it was waged as a **zero-sum game**, i.e., as a war which could only be **totally won or totally lost**. Unlike the earlier wars which were fought for specific and limited objectives, world wars were waged for **unlimited ends**. In the Second World War, this found expression in the phrase **-unconditional surrender**. This was another valid reason why total war necessitated the use of **all productive resources** (of national as well as other allied economics). The British economy, for instance, despite the concentration of resources on arms production, was unable to cover its own demands for armaments and depended heavily on **American deliveries** which prided itself as being the '**arsenal of democracy**'.

Use of Nuclear Weapons & Latest Warfare

The World War-II witnessed the use of modern warfare technologies including latest machine guns, tanks, sub-marines, aircrafts and more. Germany developed V1 and V2 missiles which became the precursors of **modern ballistic missiles**. US started the **Manhattan Project** to make **atom bomb** a practical reality. A plutonium weapon- **Trinity** was tested in July 1945. On **6 August 1945**, a US bomber named Enola Gay flew over Hiroshima. The **untested U-235 bomb** nicknamed Little Boy was air-burst 1900 feet above the city to maximize destruction.

It released energy equaling 15000 tons of **chemical explosive T.N.T.** from less than 130 pounds of Uranium. The effects were devastating- about 2/3rd of city was completely, destroyed and 140000 persons died by the end of the year. It was more miserable for those who survived. A **second weapon**, suppicate of **plutonium-239** implosion assembly which was tested as Trinity, and nicknamed Fatman was dropped on Nagasaki on 9th August. The results were no different. Hence the total war had already perfected means of **total annihilation** as well as 'safest' possible efficient means of delivering them anywhere on the globe.

There were **two vital aspects** of the world wars. One, it is possible to interpret the two world wars as **one long war that started around 1914**, had a long period of truce in between and culminated in 1945 with decisive winners and loser. Some of the **unresolved aspects of the first war** (or first phase of the war) were resolved, decisively and conclusively in the second. Two, the war may have been fought primarily on European territory and had European countries as major participants (except, of course, Japan and USA), but it was truly a global war because the major forces fighting the war were **aspiring for a domination of the total world**, not just Europe.

There was the **triple ideological division of Europe** into forces of **liberal democracy** (represented by Britain and France in the main), **fascism** (represented mainly by Germany under Hitler and Italy under Mussolini) and the **socialist** world (represented by the USSR). It was precisely these three forces which

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competed with each other for a **total domination of the earth**. In the decisive phase of the war the forces of liberal democracy and socialism got together to defeat and eliminate the third force, fascism. This was the essence of the World War. The post-war period witnessed **fierce competition between two remaining forces** (liberal democracy and socialist) although without a war.

RESULTS/ IMPACT/ IMPORTANCE OF TOTAL WAR: WORLD WAR-II

The war brought about **unprecedented misery and destruction** for mankind. Never before, had so many people died in a single event. The war also led to mass destruction, genocide and apartheid like never before.

- 1. Mass Destruction:** The total war involved mass destruction of **physical resources, productive capacities and human resources** of both the victors and vanquished. In the World War-I, the **total number of people killed** and dying for other war-related reasons was over 8 million. The estimated deaths in the World War II were between **3-5 times** the estimated figures for the World War-I. About **20% of total population** of the USSR, Poland and Yugoslavia was wiped out in the second war. The loss of **productive capacities** was also enormous. About **20% per-war capital assets** of USSR, 13% of Germany and 3% in Britain were destroyed during the World War II. However, **US economy grew** at the rate of 10% per annum in the Second World War aided by its **remoteness** from the war theatre and growing demand of arsenals from the Allies. **Infrastructure** was also heavily damaged in Europe and the Far East.
- 2. Genocide:** The total war saw the first modern attempts to **eliminate an entire population**. In the First World War, Turkey killed an uncounted number of Armenians (an estimated 1.5 million). The term Genocide was invented to describe such attempts, the **systematic extermination** of national, political, ethnic or religious groups by organized groups, usually government. The night of 9 November 1938, „**the night of broken glass**“ inaugurated the Holocaust or the mass murder of about 5 million European Jews by the Nazis.
- 3. Apartheid:** The total war was not only an age of massacre; it was also an **age of mass flight**. The aftermath of World War-I saw a large number of **homeless and stateless people**, including the 13 million Greeks were repatriated to Greece mainly from Turkey. In all, the period 1914-22 created roughly 4-5 million refugees. The **League of Nations** set up a Refugee organization to help these people. A new document, a certificate delivered by national authorities on the recommendations of League of Nations High Commissioners for Refugees in 1920s, the so-called „**Nansen passport**“ was accepted as a travel document by over 50 countries. In the World War II, the uprooted people in Europe was **40 million**, excluding non-German, forced labourers in Germany and Germans who fled before the advancing Soviet armies. Other major by product of war, partition of **India** and the **Korean War** produced 15 million and 5 million displaced persons. The Establishment of **Israel** – another war-effect uprooted about 1.3 million Palestinians.

Immediate Impact of WW-II

- 1. Loss of Men and Material:** It was the most destructive in the history of mankind; the war greatly weakened various countries and brought chaos and anarchy everywhere.
- 2. Impact on the Axis Powers:**
 - a. Germany-** end of Nazism and the division of Germany into East Germany (under the control of the Soviet Union) and West Germany (under the control of USA, France and Great Britain).
 - b. Italy-** end of Fascism and establishment of **limited monarchy** under the strict supervision of the American offices.
 - c.** All of them suffered **heavy materials and human loss**, and their economies were thoroughly shattered; all their conquests and colonies were taken away.
- 3. Impact on the Allies Powers:** It was not only Axis powers but also some of the Allies Powers (England and France) that had to suffer a lot due to the war; **Reduction of the position of England** to a second-rate power; Loss of former power and prestige by France as well; Besides, France witnessed too much of political instability after the war.

Long-Term Impact of WW-II

- 1. European domination** of the world, already in decline in 1939, was now seen to be over. The **United States of America and the Soviet Union** became the leading states, with China and Japan also playing an important role in world affairs.
- Towards the end of the war the harmony that had existed between the U.S.A., Soviet Union and Great Britain began to evaporate and all the **suspicious came** to the fore again. The relations between the Soviet Russia and the west soon became so difficult that although no actual armed conflict took place directly between the two opposing camps, the decade after 1945 saw the first phase of the **Cold War** which continued inspite of several thaws into the 1980s. This means that instead of allowing their **mutual hostility** to express itself in open fighting, the rival powers confined themselves to attacking each other with propoganda and economic measures and with a **general policy of non-cooperation**. Thus the Cold war was one of the results of the Second World War.
- The Japanese occupation of the European controlled territories such as Malaya and Singapore, French Indo-China and Dutch Indonesia **ended the tradition of European invincibility**.
- The Japanese domination of Philippines, Malaya, Indo-China, Indonesia not only weakened the European domination but also intensified the **independence movements** in Asia and Africa.
- The leaders of many of these newly emerging nations in Asia and Africa met in conference at **Algiers** (1973) and made it clear that they regard themselves as a **Third World**. By this they meant that they wished to remain **neutral** or non-aligned in the struggle between the two worlds- communism and capitalism. Thus the war saw the birth of **non-aligned policy**.
- The **United Nations Organization** emerged as the successor of the League of Nations to try and to maintain peace in the world. On the whole it was more successful in its achievements than its unfortunate predecessor

MARSHALL PLAN

The Marshall Plan (officially the **European Recovery Program**, ERP) was the **American program to aid Europe**, in which the United States gave economic support to help rebuild European economies after the end of World War II in order to **prevent the spread of Soviet Communism**. The plan was in operation for 4 years beginning in April 1948. The goals of the United States were to rebuild a war-devastated region, remove trade barriers, modernize industry, and make Europe prosperous again. Much of this aid was designed to **restore infrastructure** and help refugees.

The reconstruction plan **offered the same aid to the Soviet Union** and its allies, but they did not accept it, as to do so would be to allow a degree of **US control** over the Communist economies. During the four years that the plan was operational, **US \$15 billion in economic and technical assistance** was given to help the recovery of the European countries that had joined in the Organization for European Economic Co-operation. The Marshall Plan was replaced by the **Mutual Security Plan** at the end of 1951. Much more important were efforts to modernize European industrial and business practices using **high-efficiency American models**, reducing artificial trade barriers, and instilling a sense of hope and self-reliance.

By 1952, as the funding ended, the economy of every participant state had **surpassed pre-war levels**. The Marshall Plan was one of the first elements of **European integration**, as it erased trade barriers and set up institutions to coordinate the economy on a continental level— that is, it stimulated the total political reconstruction of Western Europe. The only major powers whose infrastructure had not been significantly harmed in World War II were the **United States and Canada**. They were much **more prosperous than before** the war but exports were a small factor in their economy. Much of the Marshall Plan aid would be used by the Europeans to buy manufactured goods and raw materials from the United States and Canada.

The **United Nations** also launched a series of **humanitarian and relief efforts** almost wholly funded by the United States. These efforts had important effects, but they lacked any central organization and planning, and failed to meet many of Europe's more fundamental needs.

Effects and legacy

The political effects of the Marshall Plan may have been just as important as the economic ones. Marshall Plan aid allowed the nations of Western Europe to relax austerity measures and rationing, reducing discontent and bringing **political stability**. The **communist influence** on Western Europe was greatly reduced, and throughout the region communist parties faded in popularity in the years after the Marshall Plan. The trade relations fostered by the Marshall Plan helped forge the **North Atlantic alliance** that would persist throughout the Cold War. At the same time, the non-participation of the states of Eastern Europe was one of the first clear signs that the **continent was now divided**.

The Marshall Plan also played an important role in **European integration**. Both the Americans and many of the European leaders felt that European integration was necessary to secure the peace and prosperity of Europe, and thus used Marshall

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Plan guidelines to foster integration. In some ways this effort failed, as the **OEEC** never grew to be more than an agent of economic cooperation. Rather it was the separate **European Coal and Steel Community**, which notably excluded Britain that would eventually grow into the **European Union**. However, the OEEC served as both a testing and training ground for the structures that would later be used by the European Economic Community. The Marshall Plan, linked into the Bretton Woods system, also mandated **free trade** throughout the region.

After the **fall of communism** several proposed a "Marshall Plan for Eastern Europe" that would help revive that region. Others have proposed a Marshall Plan for Africa to help that continent. "Marshall Plan" has become a metaphor for any **very large scale government program** that is designed to solve a specific social problem. It is usually used when calling for federal spending to correct a perceived failure of the private sector.

ECONOMIC RECONSTRUCTION IN POST-WAR EUROPE

The War had damaged the economies of nearly all the European countries. The immediate task therefore was to recover the losses incurred and somehow restore the pre-war levels of economic development. The next step was to attain new level of economic prosperity. This process of economic recovery and development followed **different trajectories** in the liberal democratic and the socialist world.

Economy in Capitalist Europe: Recovery and Boom

The first phase of economic recovery, from 1945 to 1947, was effected through bilaterally negotiated **US loans** and grants and the **food aid** disbursed through the United Nations Relief and Rehabilitation Agency (**UNRRA**). These sufficed to **avert the general collapse of the economy** that industrial dislocation and poor harvest threatened; they were adequate even to raise industrial output to prewar levels. Longer-term **American objectives** however required first, a monetary and trading system permitting the **unrestricted movement of capital and commodities**, and second, a **bloc of politico-military partners** whose defence did not have to be permanently subsidised. But, neither of the American aims could be pursued without further economic expansion.

During the next phase of recovery, 1948- 1951, European countries willing to participate in the **US-sponsored recovery programme** received 13 billion dollars. This was supplemented by a 1 billion dollar loan from the International Monetary Fund (**IMF**) and the International Bank for Reconstruction and Development (**World Bank**). The **largest beneficiaries** of this programme were Britain, France, Italy, and West Germany. It established an international body of recipient nations, the Organization for European Economic Co-operation (**OEEC**), to which each nation submitted a **national plan** every 4 years. These aid-receiving nations were required, under the "counterpart" clause, to be **spent in ways approved by the US**. They had to agree to use the aid to finance **food imports only from the US** whether or not cheaper alternative sources were available.

Between 1947 and 1951, the West European economies saw the **restoration of financial discipline**. The following features were common: state

management of the economy, **nationalisation** of key sectors like energy, transport, and banking, and deflationary policies. It led on to a **long economic boom** that lasted until the mid-1970s. Although the **deflationary policies** created sane employment, they also led to the economic boom. As a result the period after the 1970s witnessed a **near full employment**. It yielded a "**new capitalism**" of near full employment, high productivity, high wages, and extensive social welfare. Ambitious **social welfare programmes** entailed a dramatic increase in government expenditure. Such expenditures sustained demand and **fuelled investment**: at the same time, they led to higher tax revenues. Industrial and agricultural activity expanded: **exports rose**, leading to reduction in the trade deficit with the USA: and accumulation mounted.

However, the **results were uneven** across West Europe. **Less developed countries** like Ireland, Spain, and Portugal were less affected by the quantitative and qualitative transformations achieved by advanced economies. Growth and the **standard of living** varied between countries, and so did income distribution patterns within them. Nonetheless, Europe made **astonishing advances** in productivity and standard of living. It induced the belief that a **new form of managed capitalism** had been established: that it would transcend the notorious cyclical tendencies and internal crises of capitalism, and that government intervention would ensure general social welfare.

However the long boom came to an end in **1973** with the **first oil shock**, when oil-producing countries unilaterally and dramatically raised the prices of oil. European economies suffered **inflationary pressures**, output decelerated, and unemployment rose. They immediately led to **restrictive policies** within the parameters of the existing system of economic management, and more gradually, to a change of economic perspective. **New political programmes** proposed to restrict social welfare to the minimum necessary. All these led to the **privatization** of nationalized industries, extensive deregulation, and the adoption of monetarist and supply side policies. In effect, in most of capitalist Europe, a new "**free market**" economic consensus emerged.

Economy in Socialist Europe

In the Soviet bloc, reconstruction was hindered by the **relatively lower capacity** of the leading power, the Soviet Union. **External capital** was in short supply, except on terms that were unacceptable to the Soviet system. Capital for the industrialization programme therefore had to be **internally generated**. In the **newly sovietized countries, nationalization** permitted rapid expansion in heavy industrial capacity. **Radical agrarian programmes**, of farm collectivization and nationalization on the Soviet model soon plunged the agricultural sector into turmoil and led to **food shortages**. East Europe was thus preoccupied with the problem of adjusting to a new system of production and stagnation in the very sectors whose boom was the basis of West European prosperity.

The plan-driven economies of the eastern bloc, with the exception of the USSR, began with a **very low industrial base**. Since investment priorities were largely determined by the state, national plans focused excessively on **developing heavy industry**. The resulting imbalance led to chronic **shortages of consumer goods**. The collectivization model in **Poland** in the 1940s and the early 1950s had failed. In Yugoslavia, industries were not state-owned but given over to **Workers' Councils** to be

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run for profit. Disparities in the domestic availability of resources also determined the extent of reliance on the USSR for material aid.

In the initial stages, trade and economic relations were confined to the region, that is, the **eastern bloc**. However, the shortage of capital and of agricultural product, especially wheat, led to a **parallel dependence on western countries**. **Poland and Romania** borrowed extensively from the West in the 1970s to finance their industrialization programmes; but servicing these debts demanded austerity measures and higher food prices to reduce subsidies on food. In **Bulgaria and Hungary**, the shortage of consumer goods and misallocation of investment led to reforms designed to decentralize planning and stimulate investment. These were however withdrawn in Bulgaria following the **Soviet invasion** of Czechoslovakia.

By the early 1970s, the USSR was **compelled to import grain** from the USA. Import of foodgrains and light industrial products from the hard currency areas (the West) without corresponding exports, resulted in a combined **balance of payments deficit** of 10 billion dollars by 1975. These were financed by borrowings from western banks. **Imports were cut back** and the deficit was eliminated; but, by 1982. East bloc debts stood at 81 billion dollars and its **debt service ratio stood at 100 percent**, that is, it was borrowing money solely in order to pay back debts. Soviet export earnings deteriorated with the **collapse of world oil prices** in the mid 1980s.

Further **import restrictions were hindered** by domestic compulsions; the **trade deficit** was therefore financed through the sale of gold. Of the east European economies, Poland was the largest debtor, with loans to the tune of 35 billion dollars. East European economies made rapid advances in heavy industry; but their deficiencies in the provision of consumer goods and in agrarian stagnation led to **domestic crises** by the mid-1980s. The final consequence was as in the West the repudiation of the statist paradigm and the replication of its **free market model**.

SOCIALISM

Socialism is a **social and economic doctrine** that has the following basic tenets:

- Public rather than **private ownership** or control of property and natural resources.
- Individuals do not live or work in isolation but **live in cooperation** with one another.
- Everything that people produce is in some sense a **social product**, and everyone who contributes to the production of a good is entitled to a share in it.

Under **capitalism**, the means of production such as factories and the things produced by factories were owned and controlled by a few people. The vast majority of the people who worked in the factories had no rights. Their conditions of work and living were miserable. They were frequently without jobs. The workers gradually began to organize themselves into **trade unions** to protect their common rights though for a long time there were laws against workers combining themselves into unions. The governments were also **forced to pass laws** against some of the worse features of capitalism. For example Laws to protect workers from unsafe conditions of work were passed in many countries. Some progress was also made in regulating hours of work. In England, a **new political movement, Chartist movement** started which aimed at winning political rights for workers. The greatest challenge to capitalism came from the **ideas of socialism** and the movements based on those ideas.

EVOLUTION OF SOCIALISM/ GROWTH OF SOCIALISM IN EUROPE

The idea grew that capitalism itself is evil and that it needs to be **replaced by a different kind and economic system** in which the means a production would be **owned by the society** as a whole and not by a few individuals. Many philosophers and reformers in the past had expressed their revulsion against inequalities in society and in favour of a system in which **everyone would be equal**. The **French Revolution** in 1789 with its promise of equality had given a new impetus to these ideas. But the French Revolution, while it put an end to the autocratic rule of the French king, it did not usher in an era of **equality in economic, social and political life**.

It created **serious discontent** among the people leading to an attempt to overthrow the existing government in France with a view to building a society based on socialist ideas. This attempt, known as **Babeuf Conspiracy**, is an important event in the history of socialism. The Conspiracy was the work of **Babeuf** who had participated in the French Revolution. He organized a secret society called the **Society of the Equals**. He believed that it was necessary to make **another revolution** which would do away with the terrible contrasts between rich and poor, masters and servants; and the time has come to set up the **republic of equals**. The society planned an uprising but it had failed. However, his ideas exercised an important influence on the growth of socialist movement.

Blanqui was another prominent philosopher and revolutionary who helped in spreading ideas of socialism. He played a leading role in every uprising in **Paris** from the 1830s to 1860s. He believed that through a **revolutionary conspiracy**, power could

be captured to bring about socialism. Many **groups and organisations** were also formed to spread socialist ideas and organise workers. One of these was the **League of the Just** or **Communist League** which had members in many countries of Europe. Internationalism was one of its important features. It declared as its aim as the downfall of the bourgeoisie, the rule of the proletariat, the overthrow of the old society of middle class, based on class distinction, and the establishment of a new society without classes and without private property. It instructed Karl Marx and Frederick Engels to draft a manifesto.

Marxian Socialism

The **Communist Manifesto** first appeared in German in **1848**. The influence of this document in the history of the socialist movement is without a rival. It was the work of **Karl Marx** and **Frederick Engels**. They gave a new direction to socialist ideology and movement. Their philosophy is known as **Marxism** and it has influenced almost every field of knowledge. Their view of socialism is called **scientific socialism**. The Communist Manifesto stated that the aim of workers all over the world was the **overthrow of capitalism** and the establishment of socialism. It pointed out that socialism was not merely desirable, but also **inevitable**. Marx analysed the working of capitalism in his famous work **Das Kapital (Capital)** and pointed out the characteristics that would lead to its destruction:

1. **Workers produce more „value“** than they get in the form of wages, the difference being appropriated by the capitalists in the form of profits.
2. This constitutes the **basis of conflict** in capitalist society. Profits can be increased at the cost of workers' wages and, therefore, the interests of workers and capitalists are irreconcilable.
3. **Economic crises** were inevitable under capitalism because of the discrepancy between the **purchasing power of workers and total production**. These crises would be resolved only if the private ownership of the means of production is abolished and the profit motive eliminated from the system of production. With this, production would be carried on for **social good** rather than for profits for a few
4. The exploiting classes would disappear and a **classless society** would emerge in which there would be no difference between what was good for the individual and for society as a whole.

Marx and Engels believed that this would be **accomplished by the working class** which was the most revolutionary class in capitalist society. They advocated that the emancipation of the working class would **emancipate the whole human race** from all traces of social injustice. Around the time the Communist Manifesto was published, **revolutions broke out** in almost every country in Europe. These revolts aimed at the overthrow of autocratic governments, establishment of democracy and also, in countries such as Italy and Germany, at national unification. One of the major forces in these revolutions was the workers who had been **inspired by ideas of socialism**. The Communist League participated in these revolutions in many countries. However, all these revolutions were suppressed.

The First International, 1864

One of the most important events in the history of the socialist movement was the formation in 1864 of the **International Working Men's Association**, or the

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First International. With its formation, socialism stepped on the stage of history as a world movement. The meeting at which it was formed took place in **London** and was attended by delegates from Britain, France, Italy, Germany, Poland and Switzerland. The **emancipation of the working classes**, it was declared, must be won by the working classes themselves. The central aim of the International was declared to be the total „**abolition of all class rule**“. The universal character of the struggle of the working class was emphasized. From the time of its formation, the International was considered by the governments of the time as a menace and **attempts were made to exterminate it**. It was persecuted and **declared illegal** in many countries.

During the short period of its existence, the International exercised a **tremendous influence on workers' movements** in Europe and North America. It played a particularly important role in creating **bonds of international solidarity** by arranging aid from workers of many countries in support of the workers' struggle in any particular country. Though its membership was not very large, it was feared by the rulers for the sense of **workers' solidarity** that it had succeeded in creating.

The Paris Commune, 1871

One of the finest examples of workers' solidarity was evidenced at the time of the **war between Prussia and France** in 1870. The war between France and Prussia led to an **uprising by the workers of Paris** and the seizure of power by them. This is one of the most important events in the history of socialism. Within a few weeks of the war the French army had been defeated and the French emperor Louis Bonaparte had been taken prisoner. A new government had come into being and had **declared France a republic**. This government was dominated by the **propertied classes** and had agreed to **Bismarck's terms for truce** including the surrender of Paris, cession of Alsace-Lorraine and the payment of a huge war indemnity.

The workers of Paris regarded the surrender by the government as treacherous. They refused to surrender. The government withdrew from Paris and asked for German help to crush Paris. The workers of Paris **elected a council** which assumed the title of the **Paris Commune**. It was elected by **universal adult franchise** and represented the workers and the lower middle classes of Paris. The Paris Commune was the result of an upsurge in which the workers had played the dominant role, the result of the **first workers' revolution** in history. The French government which had established its headquarters in **Versailles** attacked Paris with a huge army with the help of Germany and the Commune was finally exterminated.

The extermination of the Commune was followed by **systematic attempts to destroy the International** in almost every country of Europe. The International had organised support for the Commune and after its destruction was engaged in **aiding the refugees from Paris**. It appeared to gain strength in many countries of Europe in spite of the fact that the revolution in Paris had been suppressed. However, soon it collapsed as a result of **internal differences**. The International was not a homogeneous organisation. Due to differences on aims and methods, it was dissolved in **1876**. In the meantime, however, the **socialist parties** in many countries of Europe had begun to grow.

The Second International, 1889

In the 1870s and 1880s in almost every country in Europe and in Japan and USA, **socialist parties were formed**. Some of them became quite strong having lakhs of members. They participated in **national elections** and in some countries came to have a fairly large representation in the parliament. Similarly, the strength and membership of the **trade unions** also increased and there were many strikes. **German Socialist Party** was the largest socialist party in Europe. In **Britain**, where the trade unions had a membership of a million had been formed the **Social Democratic Federation**, the **Socialist League** and the **Fabian Society**. In **France** there were many socialist parties. Thus though the First International had been dissolved, the movement had become a **mass movement**.

To **unite the socialist parties** in various countries into an international organisation, a Congress was held in Paris in **1889** known as the Second International. It represented a new stage in the history of socialism. An important step taken at the Congress was to make the **1st May** every year as a day of working class solidarity. It was decided to organise on that day a **great international demonstration**. The period thereafter saw a **steady increase** in the strength of the socialist parties and of trade unions. The socialist and workers' movement had become a **major force** in almost every country of Europe.

The most significant achievements of the Second International were its **campaign against militarism and war** and in asserting the principle of the **basic equality** of all peoples and their right to freedom and **national independence**. The period from the last decade of the 19th century saw the growing militarization of every country in Europe. Europe was getting divided into groups of warring blocs, the struggle for **colonies** being the main cause of conflicts between them. They expressed the conviction that **capitalism was the root cause of war**. The second International also decided that the socialists should utilize the economic and political crisis created by the war, to rouse the masses and thereby to hasten the downfall of capitalist rule. The Second International also **condemned colonialism** and committed the socialist parties to oppose the robbery and subjugation of colonial peoples.

However, in spite of its many achievements and its growing strength, the Second International suffered from **many weaknesses**. Unlike the First International, it was a **loose federation** of socialist parties of many countries. While the socialist parties in many countries had become mass parties, **basic differences** had arisen among them. While some sections believed in the **necessity of a revolution** to overthrow capitalism, others began to believe that socialism could be achieved through **gradual reforms**. On the **question of war**, the Second International suffered a fatal blow. When the First World War broke out, most of the socialist parties **extended their support** to their respective governments. This had serious consequences for socialist movement. The Second International **ceased to function** and the socialist movement in every country was **split** during First World War.

However, though the socialist movement did not succeed in bringing about a socialist revolution in any country in the 19th century, it brought about **widespread awareness** of the problems created by capitalism and the inadequacies of democracy. It also emerged as a **powerful political movement** in a number of countries. It was to

play an increasingly important role in the coming years all over the world, making socialism, along with democracy and nationalism, the **dominating factor** in the history of the world in the 20th century.

Third International or the Comintern

Soon after the **Russian Revolution**, the Communist International, also known as the Third International or Comintern, was formed for **promoting revolutions on an international scale**. The left-wing sections in many socialist parties now formed themselves into **communist parties** and they affiliated themselves to the **Comintern**. Communist parties were also formed in other countries, often with the active involvement and support of the Comintern.

Thus the international communist movement arose under **one organization** which decided on policies to be followed by all communist parties. The **Soviet Union** was considered the leader of the world communist movement by the communist parties in various countries and the **Communist Party of Soviet Union** played a leading role in determining the policies of the Comintern. With the formation of the Comintern, the socialist movement was divided into **two sections** — **socialist and communist**. There were **many differences** between them on the methods of bringing about socialism and about the concept of socialism itself.

POST-WORLD WAR-II SCENARIO IN EUROPE

A. France: In the first government formed in France after the war, the **Communist Party** of France was represented. However, it quit the government in 1947 because of differences over **economic policies** and over the question of independence for the countries comprising **Indo-China**. The French government was trying to reestablish its rule over Indo-China which the Communist Party opposed.

B. Italy: In the Italian government, the **Communist Party and the Socialist Party** were an important force. In 1946, **monarchy was abolished** and Italy became a republic. In 1947 the Christian Democratic Party came to power and the Communist Party quit the government. However, even though the Communist and Socialist parties were out of the government in these two countries, they were together a **powerful force in the politics** of the two countries.

:: For many years, in both Italy and France, the socialist parties became the **ruling parties** either alone or in alliance with other parties. The Communist parties, however, were almost throughout the period after 1948 kept out of the government. In recent years, while the **Italian Communist Party** —it is now called the Democratic Party of the Left—has remained a powerful force, the influence of the French Communist Party has declined

C. Britain: Rise of Labour Party: In Britain, the elections were held in **1945**. The Conservative Party whose leader Winston Churchill had been the Prime Minister during the war lost and the **Labour Party came to power**. India won her independence during this period. During the Labour Party's rule many significant changes took place in the economy of the country. Many important industries such as coal mines and railways were **nationalized**. Steps were taken to provide **social**

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security to the people, and to build a **welfare state** in Britain. In 1951, the Conservative Party was returned to power and the Labour Party became the ruling party in 1964. Thus, neither of these parties remained in power for long and both of the parties were more or less equally matched.

D. Rest of Europe: Many countries in Europe had been **liberated from German occupation** by the Soviet armies. These countries were Poland, Hungary, Rumania, Bulgaria and Czechoslovakia. The **Communist parties and other anti-fascist parties** in these countries had played an important role in the struggle against German occupation of these countries. By the end of 1948, the governments of all these countries were dominated by the Communist parties. In Albania and Yugoslavia, the struggle against German occupation had, been led by the Communist parties of these countries. In these countries too **Communist parties formed the governments.**

:: The **establishment of the Communist parties' rule** in these countries was a significant development after the Second World War. Up to the Second World War, the only country in Europe, and the world, ruled by a Communist party was the Soviet Union. Now a large number of European countries were ruled by Communist parties. In these countries, other political parties were either not allowed to exist or had only a nominal presence. The **presence of Soviet troops** in these countries ensured the continuance of the Communist parties' monopoly of power. Sometimes, the Soviet troops were used to **suppress movements** which opposed the domination of Communist parties.

:: Within the Communist parties themselves, **differences over policies** were not allowed and the power within, the Communist parties became concentrated in a few hands. As in the Soviet Union, **dissent even within the ruling parties** was not tolerated and many veteran communists were shot or sentenced to long periods of imprisonment after fake trials. Sometimes these countries were branded as **„satellites“ of the Soviet Union.** The **Communist party of Yugoslavia** was the only ruling Communist Party which refused to be dominated by the Soviet Union. But at the same time, the government of Yugoslavia did not allow other political parties to function.

THE BIRTH OF SOCIALIST PLANNING

It is often thought that the idea of socialism derives from the work of **Karl Marx**. In fact, Marx wrote only a **few pages about socialism**, as either a moral or a practical blueprint for society. The true architect of a socialist order was **Lenin**, who first faced the practical difficulties of organizing an economic system without the **driving incentives of profit seeking** or the self-generating constraints of competition. Lenin began from the long-standing delusion that economic organization would become less complex once the profit drive and the market mechanism had been dispensed with as self-evident.

In fact, economic life pursued under these rules rapidly became so disorganized that within four years of the 1917 revolution, **Soviet production** had fallen to 14% of its pre-revolutionary level. By **1921** Lenin was forced to institute the **New Economic Policy** (NEP), a partial return to the **market incentives** of capitalism. This

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brief mixture of socialism and capitalism came to an end in **1927** after **Stalin** instituted the process of **forced collectivization** that was to mobilize Russian resources for its leap into industrial power. The system that evolved under Stalin and his successors took the form of a **pyramid of command**. At its apex was **Gosplan**, the highest state planning agency, which established such general directives for the economy as the **target rate of growth** and the allocation of effort between military and civilian outputs, between heavy and light industry, and among various regions.

Gosplan transmitted the **general directives** to successive ministries of industrial and regional planning, whose technical advisers **broke down the overall national plan into directives** assigned to particular factories, industrial power centers, collective farms, and so on. These thousands of individual sub-plans were finally scrutinized by the factory managers and engineers who would eventually have to implement them. Thereafter, the blueprint for production rescinded the pyramid, together with the suggestions, emendations, and pleas of those who had seen it. Ultimately, a completed plan would be reached by negotiation, voted on by the **Supreme Soviet**, and passed into law. Thus, the final plan resembled an **immense order book**, specifying the nuts and bolts, steel girders, grain outputs, tractors, cotton, cardboard, and coal that, in their entirety, constituted the national output. But there was a vast and **widening gap** between theory and practice.

SOCIALIST MODE OF PRODUCTION

A socialist economy is a system of production where goods and services are **produced directly for use**, in contrast to a capitalist economic system, where goods and services are produced to generate profit and therefore indirectly for use. Goods and services would be **produced for their usefulness, or for their use-value**, eliminating the need for market-induced needs to ensure a sufficient amount of demand for products to be sold at a profit. Production in a socialist economy is therefore "**planned**" or "**coordinated**", and does not suffer from the business cycle inherent to capitalism. In most socialist theories, economic planning only applies to the **factors of production** and not to the **allocation of goods and services** produced for consumption, which would be distributed through a market.

Karl Marx stated that "**lower-stage communism**" would consist of compensation based on the **amount of labor** one contributes to the social product. The **ownership of the means of production varies** in different socialist theories. It can either be based on public ownership by a state apparatus; direct ownership by the users of the productive property through worker cooperative; or commonly owned by all of society with management and control delegated to those who operate/ use the means of production.

Management and control over the activities of enterprises is based on **self-management and self-governance**, with **equal power-relations** in the workplace to maximize occupational autonomy. A socialist form of organization would **eliminate controlling hierarchies** so that only a hierarchy based on technical knowledge in the workplace remains. Every member would have decision-making power in the firm and would be able to participate in establishing its overall policy objectives. The policies/ goals would be carried out by the technical specialists that form the

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coordinating hierarchy of the firm, who would establish plans or directives for the work community to accomplish these goals.

However, the economies of the **former Socialist states**, excluding SFR Yugoslavia, were based on **bureaucratic, top-down administration** of economic directives and micromanagement of the worker in the workplace inspired by capitalist models of **scientific management**. As a result, socialists have argued that they were not socialist due to the **lack of equal power-relations** in the workplace, the presence of a **new "elite"**, and because of the commodity production that took place in these economies. These economic and social systems have been classified as being either **Bureaucratic collectivist**, State capitalist or Deformed workers' states, the exact nature of the USSR et al remains unresolved within the socialist movement

SOCIALISM ECONOMIES IN THEORY

There are 5 economic models within the rubric of socialist economics:

- **Public Enterprise Centrally Planned Economy** in which all property is owned by the State and all key economic decisions are made centrally by the State, e.g. the former Soviet Union.
- **Public Enterprise State-Managed Market Economy**, one form of market socialism which attempts to use the price mechanism to increase economic efficiency, while all decisive productive assets remain in the ownership of the state, e.g. socialist market economy in China after reform.
- **A mixed economy**, where public and private ownership are mixed, and where industrial planning is ultimately subordinate to market allocation, the model generally adopted by social democrats e.g. in twentieth century Sweden.
- **Public Enterprise Employee Managed Market Economies**, another form of market socialism in which publicly owned, employee-managed production units engage in free market exchange of goods and services with one another as well as with final consumers, e.g. mid twentieth century Yugoslavia
- **Public Enterprise Participatory Planning**, an economy featuring social ownership of the means of production with allocation based on an integration of decentralized democratic planning, e.g. stateless communism, libertarian socialism.

There are 5 distinct classifications for socialism:

- **Classical/ Marxist conception**, where socialism is a stage of economic development in which wage labour, private property in the means of production and monetary relations have been made redundant through the development of the productive forces, so that **capital accumulation has been superseded by economic planning**. Economic planning in this definition means **conscious allocation** of economic inputs and the means of production by the associated producers to directly maximise **use-values** as opposed to exchange-values, in contrast to the "anarchy of production" of capitalism.
- **Walrasian/ Market Socialist** which defines socialism as public-ownership or cooperative-enterprises in a market economy, with **prices for producer goods** set through a trial-and-error method by a central planning board. In this view, socialism is defined in terms of de jure public property rights over major enterprises.

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- **Leninist conception**, which includes a form of political organisation based on control of the means of production and government by a **single political party** apparatus that claims to act in the interest of the working class, and an ideology hostile toward markets and political dissent, with coordination of economic activity through centralised economic planning (a "command economy").
- **Social Democratic concept**, based on the capitalist mode of production, which defines socialism as a **set of values** rather than a specific type of social and economic organisation. It includes unconditional support for **parliamentary democracy**, gradual and reformist attempts to establish socialism, and support for **socially progressive causes**. Social democrats are not opposed to the market or private property; instead they try to ameliorate the effects of capitalism through a welfare state, which relies on the market as the fundamental coordinating entity in the economy and a degree of public ownership/public provision of public goods in an economy otherwise dominated by private enterprise.
- **East Asian model**, or socialist market economy, based on a **largely free-market**, capital accumulation for profit and substantial private ownership **along with state-ownership** of strategic industries monopolized by a single political party.

The goal of socialist economics is to **neutralize capital** or, in the case of market socialism, to subject investment and capital to social planning, to coordinate the production of goods and services to **directly satisfy demand** as opposed to market-induced needs, and to eliminate the **business cycle** and crisis of overproduction that occur as a result of an economy based on capital accumulation and private property in the means of production.

Socialists generally aim to achieve **greater equality in decision-making** and economic affairs, grant workers greater control of the means of production and their workplace, and to **eliminate exploitation** by directing the surplus value to employees. Free access to the means of subsistence is a requisite for liberty, because it ensures that all work is voluntary and no class or individual has the power to coerce others into performing alienating work. Socialist economic theories base the **Economic value** of a good or service on **its use value**, rather than its cost of production or its exchange value.

PRACTICE OF SOCIALISM IN ECONOMIES

Economic planning is a mechanism for the **allocation of economic inputs** and decision-making based on direct allocation, in contrast to the market mechanism, which is based on indirect allocation. An economy based on economic planning **appropriates its resources** as needed, so that allocation comes in the form of internal transfers rather than market transactions involving the purchasing of assets by one government agency or firm by another. **Decision-making** is carried out by workers and consumers on the enterprise-level.

Economic planning is not synonymous with the concept of a **command economy**, which existed in the Soviet Union, and was based on a highly bureaucratic administration of the entire economy in accordance to a comprehensive plan formulated by a **central planning agency**, which specified output requirements for productive units and tried to **micromanage the decisions** and policies of enterprises. The

command economy is based on the organizational model of a capitalist firm, but applies it to the entire economy.

Centrally planned economies

A centrally planned economy combines **public ownership of the means of production** with centralised state planning. This model is usually associated with the **Soviet-style** command economy. The planning process was based around material balances — balancing economic inputs with planned output targets for the planning period. Aside from the USSR and Eastern bloc economies, this economic model was also utilized by the People's Republic of China, Socialist Republic of Vietnam, Republic of Cuba and North Korea.

:: However, there is **dispute over the Soviet model**. Critics claim that the Soviet economy was structured upon the **accumulation of capital** and the extraction of surplus value from the working class by the planning agency in order to **reinvest this surplus** into the economy indicating the Soviet Union (and other Soviet-style economies) were state capitalist economies. More fundamentally, these economies are still structured around the **dynamic of capitalism**: the accumulation of capital and production for profit (as opposed to being based on **production for use** — the defining criterion for socialism), and capitalism based on a process of state-directed accumulation.

:: Other critics point to the lack of **socialist social relations** in these economies — specifically the **lack of self-management**, a bureaucratic elite based on hierarchical and centralized powers of authority, and the lack of genuine worker control over the means of production — leading them to conclude that they were not socialist but either **bureaucratic collectivism** or state capitalism. Lenin's April Theses stated that the goal of the **Bolshevik revolution** was not the introduction of socialism, but was intended to bring production and the state under the control of the Soviets of Workers' Deputies.

:: **China** embraced a socialist planned economy after the Communist victory in its Civil War. **Private property and private ownership** of capital were abolished, and various forms of wealth made subject to state control or to workers' councils. The Chinese economy broadly adopted a similar system of production quotas and full employment by fiat to the Russian model. The **Great Leap Forward** saw a remarkably large-scale experiment with **rapid collectivisation** of agriculture, and other ambitious goals. Results were less than expected, (e.g., there were food shortages and mass starvation) and the program was abandoned after three years.

:: In recent decades **China** has **opened its economy to foreign investment** and to **market-based trade**, and has continued to experience strong economic growth. It has carefully managed the transition from a planned socialist economy to a market economy, officially referred to as the **socialist commodity market economy**. As a result, centralized economic planning has little relevance in China today. The current Chinese economic system is characterized by **state ownership combined with a strong private sector** that privately owned enterprises.

:: The state sector is concentrated in the '**commanding heights**' of the economy with a growing private sector engaged primarily in commodity production and light industry. Centralized directive planning based on **mandatory output requirements** and production quotas have been superseded by the free-market mechanism for most of the economy and directive planning is utilized in some large state industries. A major difference from the old planned economy is the privatization of state institutions. The Socialist Republic of Vietnam has pursued similar economic reforms, though less extensive, which have resulted in what is officially called a **Socialist-oriented market economy**, a mixed economy where the state plays a dominant role intended to be a transitional phase in establishment of a socialist economy.

Social Democratic Mixed Economies

Many of the industrialized, open countries of Western Europe experimented with one form of social democratic mixed economies or another during the 20th century. These include **Britain** (mixed economy and welfare state) from 1945 to 1979, **France** (state capitalism and indicative planning) from 1945 to 1982, **Sweden** (social democratic welfare state) and **Norway** (state capitalist mixed economy) to the present. They can be regarded as social democratic experiments, because they universally retained a **wage-based economy and private ownership** and control of the decisive means of production.

:: After gaining independence from Britain, **India** adopted a broadly **socialist-inspired approach** to economic growth. Like other countries with a democratic transition to a mixed economy, it **did not abolish private property** in capital. India proceeded by **nationalizing** various large privately run firms, creating **state-owned enterprises** and **redistributing income** through progressive taxation in a manner similar to social democratic Western European nations than to planned economies such as the USSR or China. Today India is often characterized as having a **free-market economy** that combines economic planning with the free-market. It did however adopt a very firm focus on national planning with a series of broad Five-Year Plans.

:: Nevertheless, these western European countries tried to **restructure their economies** away from a purely private capitalist model. Variations range from social democratic welfare states, such as in Sweden, to mixed economies where a major percentage of GDP comes from the state sector, such as in **Norway**, which ranks among the highest countries in **quality of life and equality of opportunity** for its citizens. Elements of these efforts persist throughout Europe, even if they have repealed some aspects of public control and ownership. They are typically characterized by:

- **Nationalization of key industries**, such as mining, oil, steel, energy and transportation. A common model is for a sector to be taken over by the state and then one or more publicly owned corporations set up for its day-to-day running. **Advantages** of nationalization include the ability of the state to **direct investment** in key industries, the **distribution of state profits** from nationalized industries for the overall national good, the ability to direct producers to social rather than market goals, **greater control** of the industries by and for the workers, and the benefits and burdens of publicly funded research and development are extended to the wider populace.

- **Redistribution of wealth**, through both tax and spending policies that aim to reduce economic inequalities. Social democracies typically employ various forms of **progressive taxation** regarding wage and business income, wealth, inheritance, capital gains and property. On the spending side, a set of social policies typically provides free access to public services such as education, health care and child care, while subsidized access to housing, food, pharmaceutical goods, water supply, waste management and electricity is also common.
- **Social security schemes** where workers contribute to a **mandatory public insurance** program. The insurance typically include monetary provisions for retirement pensions and survivor benefits, permanent and temporary disabilities, unemployment and parental leave. Unlike private insurance, **governmental schemes** are based on public statutes and not contracts, so that contributions and benefits may change in time and are based on solidarity among participants. Its funding is done on an ongoing basis, without direct relationship with future liabilities.
- **Minimum wages, employment protection** and trade union recognition rights for the benefit of workers. The objectives of these policies are to guarantee living wages and help produce full employment. There are a number of different models of trade union protection which evolved, but they all guarantee the right of workers to form unions, negotiate benefits and participate in strikes. Germany, for instance, appointed **union representatives** at high levels in all corporations and had much less industrial strife than the UK, whose laws encouraged strikes rather than negotiation.

State capitalism

Various state capitalist economies, which consist of large commercial **state enterprises** that operate according to the **laws of capitalism and pursue profits**, have evolved in countries that have been influenced by various elected socialist political parties and their economic reforms. While these policies and reforms did not change the fundamental aspect of capitalism, and non-socialist elements within these countries supported or often implemented many of these reforms themselves, the result has been a set of **economic institutions** that were at least partly influenced by socialist ideology.

Worker Self Management

Yugoslavia pursued a socialist economy based on autogestion or **worker-self management**. Rather than implementing a centrally planned economy, Yugoslavia developed a **market socialist system** where enterprises and firms were socially owned rather than publicly owned by the state. In these organizations, the management was elected directly by the workers in each firm.

IMPACT OF SOCIALISM

Despite all the differences, socialism became one of the **most widely held ideologies** within a few decades after its emergence. The spread of the influence of socialist ideas and movements after the First World War was in no small measure due

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to the success of the Russian Revolution. The growing popularity of socialism and many achievements made by the Soviet Union led to a **redefinition of democracy**. Most people who did not believe in socialism also began to recognize that for democracy to be real, political rights without social and economic rights were not enough. Economic and social affairs **could not be left to the capitalists**.

The idea of the **state playing an active role** in regulating the economy and planning the economy to improve the conditions of the people was accepted. The popularity of socialism also helped to mitigate **discriminations based on race**, colour and sex. The spread of socialist ideas also helped nip **promoting internationalism**. The nations, at least in theory, began to accept the idea that their relations with other nations should go farther than merely promoting their narrow self-interests. The universality and internationalism which were fundamental principles of socialist ideology from the beginning were totally **opposed to imperialism**. The **Russian Revolution** served to hasten the end of imperialism.

The new Soviet state came to be looked upon as a **friend of the people of the colonies** struggling for national independence. Russia after the Revolution was the first country in Europe to **openly support the cause of independence** of all nations from foreign rule. Immediately after the Revolution, the Soviet government had **annulled the unequal treaties** which the Czar had imposed on China. The Russian Revolution also influenced the movements for independence in so far as the latter gradually **broadened the objectives of independence** to include **social and economic equality** through planned economic development. Writing about the Russian Revolution in his Autobiography, **Jawaharlal Nehru** said, -It made me think of politics much more in terms of social changell.

DAWN OF INDEPENDENCE AND THE CHALLENGES FOR NATION BUILDING

India was born in **very difficult circumstances**. Perhaps no other country by then was born in a situation more difficult than that of India in 1947. Freedom came with the partition of the country. The **first few years** in the life of independent India were full of challenges. Some of the most pressing ones concerned **national unity and territorial integrity** of India. There were **3 major challenges** of nation building were successfully negotiated in the first decade after 1947.

- Freedom came with Partition, which resulted in **large scale violence and displacement** and challenged the very idea of a secular India.
- The **integration of the princely states** into the Indian union needed urgent resolution.
- The **internal boundaries of the country** needed to be drawn afresh to meet the aspirations of the people who spoke different languages.

The first and the immediate challenge was to shape a nation that was **united**, yet accommodative of the diversity in our society. India was a land of **continental size and diversity**. Its people spoke different languages and followed different cultures and religions. At that time it was widely believed that a country full of such kinds of diversity could not remain together for long.

The second challenge was to **establish democracy**. Constitution granted fundamental rights and extended the right to vote to every citizen. India adopted representative democracy based on the parliamentary form of government. These features ensure that the **political competition** would take place in a democratic framework. A **democratic constitution is necessary but not sufficient** for establishing a democracy. The challenge was to develop democratic practices in accordance with the Constitution.

The third challenge was to **ensure the development and well-being** of the entire society and not only of some sections. Here again the Constitution clearly laid down the **principle of equality and special protection** to socially disadvantaged groups and religious and cultural communities. The Constitution also set out in the Directive Principles of State Policy the welfare goals that democratic politics must achieve. The real challenge now was to evolve effective policies for economic development and eradication of poverty. Issue of national unity and security became a primary challenge at the time of Independence. However India chose to shape itself into a nation, united by a **shared history and common destiny**.

Independent India embarked on its tasks with the benefit of an **outstanding leadership**, having tremendous dedication and **idealism** besides the presence of a strong nationwide party, the Congress. The leaders of independent India were persons of total **personal integrity** and had an austere lifestyle. The leaders shared a **common vision** of independent India. They were committed to the goals of

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rapid social and economic change and **democratization** of the society and polity, and the values imparted by the national movement. These leaders differed with Nehru primarily on the question of socialism and class analysis of society.

PARTITION: DISPLACEMENT AND REHABILITATION

According to the **'two-nation theory'** advanced by the Muslim League, India consisted of not one but two 'people', Hindus and Muslims. That is why it demanded Pakistan, a separate country for the Muslims. The **Congress opposed** this theory and the demand for Pakistan. But several political developments in 1940s, the **political competition** between the Congress and the Muslim League and the British role led to the decision for the creation of Pakistan. It was decided to follow the **principle of religious majorities**. The idea might appear simple, but it presented all kinds of difficulties.

First of all, there was **no single belt of Muslim majority** areas in British India. There were two areas of concentration, one in the west and one in the east. There was no way these two parts could be joined. So it was decided that the new country, Pakistan, will comprise **two territories**, West and East Pakistan separated by a long expanse of Indian Territory. Secondly, not all Muslim majority areas **wanted to be in Pakistan**. **Khan Abdul Gaffar Khan**, the undisputed leader of the North Western Frontier Province and known as 'Frontier Gandhi', was staunchly opposed to the two-nation theory. Eventually, his voice was simply ignored and the NWFP was made to merge with Pakistan.

The third problem was that two of the **Muslim majority provinces** of British India, Punjab and Bengal, had very large areas where the **non-Muslims** were in majority. Eventually it was decided that these two provinces would be bifurcated according to the **religious majority at the district** or even lower level. The fourth problem was the **problem of „minorities“** on both sides of the border. Lakhs of Hindus and Sikhs in the areas that were now in Pakistan and an equally large number of Muslims on the Indian side of Punjab and Bengal found themselves **trapped**. They were to discover that they were **undesirable aliens** in their own home, in the land where they and their ancestors had lived for centuries. As soon as it became clear that the country was going to be partitioned, the minorities on both sides became **easy targets of attack**.

The year 1947 was the year of one of the **largest, most abrupt, unplanned and tragic transfer of population** that human history has known. There were killings and atrocities on both sides of the border. In the name of religion people of one community ruthlessly killed and maimed people of the other community. Cities like Lahore, Amritsar and Kolkata became divided into **„communal zones“**. Minorities on both sides of the border fled their home and often secured temporary shelter in **„refugee camps“**. They often found unhelpful local administration and police in what was till recently their own country.

The Partition was not merely a division of properties, liabilities and assets, or a political division of the country and the administrative apparatus. The **employees of the government and the railways** were also 'divided'. Above all, it was a violent separation of communities who had hitherto lived together as neighbours. It is estimated

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that the Partition forced about **80 lakh people to migrate** across the new border. Approximately **5 to 10 lakh people were killed** in Partition related violence. Even after large scale migration of Muslims to the newly created Pakistan, the Muslim population in India accounted for 12% of the total population in 1951.

There were **competing political interests** behind these conflicts. The Muslim League was formed to protect the interests of the Muslims in colonial India. It was in the forefront of the demand for a **separate Muslim nation**. Similarly, there were organisations, which were trying to organise the Hindus in order to turn India into a **Hindu nation**. But most leaders of the national movement believed that India must treat persons of **all religions equally** and that India should not be a country that gave superior status to adherents of one faith and inferior to those who practiced another religion. **All citizens would be equal** irrespective of their religious affiliation. Being religious or a believer would not be a test of citizenship. They cherished therefore the ideal of a secular nation. This ideal was enshrined in the Indian Constitution.

Mahatma Gandhi was saddened by the **communal violence** and disheartened that the principles of ahimsa (non-violence) and Satyagraha (active but non-violent resistance) that he had lived and worked for, had failed to bind the people in troubled times. Gandhiji went on to persuade the Hindus and Muslims to give up violence. **Gandhiji's death** had an almost magical effect on the communal situation in the country. Partition-related anger and violence suddenly subsided. The Government of India cracked down on organizations that were spreading communal hatred. **Communal politics began to lose its appeal**.

The **great danger** was that the atmosphere and the mentality generated by Partition and the riots might persist and **strengthen communal tendencies** in Indian politics. But Indian nationalism was able to withstand the test. Communalism was thereby **contained and weakened** but not eliminated, for conditions were still favourable for its growth. For communalism to be eclipsed a **consistent struggle** against it would be needed for a prolonged period. Nehru carried on a **massive campaign** against communalism to instill a sense of security in the minorities, through public speeches, radio broadcasts, and speeches in parliament, private letters and epistles to chief ministers. He repeatedly declared: 'No State can be civilized except a secular State'.

The government had to stretch itself to the maximum to **give relief to and resettle and rehabilitate** the nearly 6 million (60 lakh) **refugees** from Pakistan by 1951, the problem of the rehabilitation of the refugees from West Pakistan had been fully tackled. The task of rehabilitating and resettling **refugees from East Bengal** was made more difficult by the fact that the exodus of Hindus from East Bengal **continued for years**. While nearly all the Hindus and Sikhs from **West Pakistan** had migrated in one go in 1947, a large number of Hindus in East Bengal had stayed on there in the initial years of 1947 and 1948. But as communal riots broke out periodically in East Bengal, there was a steady stream of refugees from there year after year **till 1971**. Providing them with work and shelter and psychological assurance, therefore became a continuous and hence a **difficult task**.

Most of the **refugees from west Punjab** could occupy the **large lands and property left by the Muslim migrants** to Pakistan from Punjab, Uttar Pradesh

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and Rajasthan and could therefore be resettled on land. This was not the case in West Bengal. Also because of **linguistic affinity**, it was easier for Punjabi and Sindhi refugees to settle. The resettlement of the refugees from East Bengal could take place only in Bengal and to a lesser extent in **Assam and Tripura**. Along with the Kashmir issue, an important source of constant tension between the two countries was the strong sense of **insecurity among Hindu in East Bengal**, fuelled primarily by the communal character of Pakistan's political system.

This led to the **steady migration of the persecuted Hindus** from East Bengal to West Bengal and retaliatory attacks on Muslims in West Bengal, leading to their migration. Many urged the Government of India to intervene in East Bengal **militarily to protect the minority** there. But, though very concerned about the fate of Hindus in East Bengal and the rise of communal sentiment in India, Nehru and the Government of India refused to get provoked into **retaliatory action**. Regarding it as a human problem, the government tried to solve it through persuasion and pressure, even while taking strong action against attacks on Muslims in West Bengal. In 1950, the prime ministers of India and Pakistan signed an agreement known as the **Nehru-Liaquat Pact** to resolve the issue of **protection of the minorities**.

The pact met with the **strong disapproval** of the Hindu communalists and the two ministers from Bengal, Syama Prasad Mookerjee and K.C. Neogi, resigned from the cabinet in protest. It was plain sailing for the pact elsewhere in the country, given **Sardar Patel's support** for it. The migration of Hindus from East Bengal, however, continued despite the pact. In general, the Government of India followed the **policy of trying to improve relations** with Pakistan and, above all, to prevent the emergence of a **climate of hostility and hatred**. Nehru, in particular, repeatedly assured the people of Pakistan that India did not think of Pakistan as an enemy. One of the reasons for this policy was the effort to **preserve and strengthen the secular atmosphere** within India, which was being endangered by the Hindu communalists. And, undoubtedly, it did serve that purpose in the long run, even though it failed to mollify Pakistan or convince it of India's good intentions.

INTEGRATION OF PRINCELY STATES

British India was divided into what were called the **British Indian Provinces** and the **Princely States**. The British Indian Provinces were directly under the control of the British government. On the other hand, several large and small states ruled by princes, called the Princely States, enjoyed some form of **control over their internal affairs** as long as they accepted British supremacy. This was called **paramountcy** or suzerainty of the British crown. Princely States covered **one-third of the land area** of the British Indian Empire and one out of four Indians lived under princely rule.

Just before Independence it was announced by the British that with the end of their rule over India, **paramountcy of the British crown over Princely States would also lapse**. This meant that all these states, as many as **565** in all, would become legally independent. The British government took the view that all these states were **free to join either India or Pakistan** or remain independent if they so wished. This decision was left not to the people but to the princely rulers of these states. This was a very serious problem and could threaten the very existence of a united India.

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The problems started very soon. First of all, the ruler of **Travancore** announced that the state had decided on Independence. The Nizam of **Hyderabad** made a similar announcement. Rulers like the Nawab of **Bhopal** were averse to joining the Constituent Assembly. This response of the rulers of the Princely States meant that after independence there was a very real possibility that India would get further divided into a **number of small countries**. The **prospects of democracy** for the people in these states also looked bleak. This was a strange situation, since the Indian Independence was aimed at unity, self-determination as well as democracy. In most of these princely states, governments were run in a **non-democratic manner** and the rulers were unwilling to give democratic rights to their populations.

Government's approach

The interim government took a **firm stance against the possible division** of India into small principalities of different sizes. The Muslim League opposed the Indian National Congress and took the view that the States should be free to adopt any course they liked. **Sardar Patel** was India's Deputy Prime Minister and the Home Minister during the crucial period immediately following Independence. He played a historic role in **negotiating with the rulers** of princely states firmly but diplomatically and bringing most of them into the Indian Union.

The government's approach was guided by **three considerations**. Firstly, the **people** of most of the princely states clearly wanted to become part of the Indian union. Secondly, the government was prepared to be **flexible in giving autonomy** to some regions. Thirdly, in the backdrop of Partition which brought into focus the contest over demarcation of territory, the **integration & consolidation** of the territorial boundaries of the nation had assumed supreme importance.

Patel's first step was to **appeal to the princes** whose territories fell inside India to accede to the Indian Union in three subjects which affected the common interests of the country, namely, **foreign relations, defence and communications**. He also gave an implied threat that he would not be able to restrain the impatient people of the states and the government's terms after 15 August would be stiffer.

Before 15 August 1947, **peaceful negotiations** had brought almost all states whose territories were contiguous to the new boundaries of India, into the Indian Union. The rulers of most of the states signed a document called the „**Instrument of Accession**“ which meant that their state agreed to become a part of the Union of India. Accession of the Princely States of **Junagadh, Hyderabad, Kashmir and Manipur** proved more difficult than the rest. The issue of Junagadh was resolved after a **plebiscite** confirmed people's desire to join India.

Smaller states were either merged with the neighboring states or merged together to form centrally administered areas. A large number were consolidated into **5 new unions**, forming Madhya Bharat, Rajasthan, Patiala and East Punjab States Union (PEPSU), Saurashtra and Travancore-Cochin. In return for their surrender of all power and authority, the rulers of major states were given **privy purses in perpetuity**, free of all taxes. The privy purses amounted to Rs 4.66 crore in 1949 and were later **guaranteed by the constitution**.

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Hyderabad, the largest of the Princely States was surrounded entirely by Indian Territory. Some parts of the old Hyderabad state are today parts of Maharashtra, Karnataka and Andhra Pradesh. Its ruler carried the title, „**Nizam**“. The Nizam wanted an independent status for Hyderabad. He entered into what was called the **Standstill Agreement** with India in November 1947 for a year while negotiations with the Indian government were going on.

In the meantime, a **movement of the people** of Hyderabad State against the Nizam's rule gathered force. The peasantry in the Telangana region in particular, was the victim of Nizam's oppressive rule and rose against him. Women who had seen the worst of this oppression joined the movement in large numbers. Hyderabad town was the nerve centre of this movement. The Communists and the Hyderabad Congress were in the forefront of the movement. The Nizam responded by unleashing a **paramilitary force** known as the Razakars on the people. The **atrocities and communal nature** of the Razakars knew no bounds. The central government had to **order the army** to tackle the situation. In September 1948, Indian army moved in to control the Nizam's forces. After a few days of intermittent fighting, the Nizam surrendered. This led to Hyderabad's accession to India.

The Maharaja of **Manipur**, Bodhachandra Singh, signed the **Instrument of Accession** with the Indian government. Under the pressure of public opinion, the Maharaja held elections in Manipur in June 1948 and the state became a **constitutional monarchy**. In the Legislative Assembly of Manipur there were sharp differences over the question of merger of Manipur with India. The Government of India succeeded in pressurizing the Maharaja into signing a **Merger Agreement** in September 1949, without consulting the popularly elected Legislative Assembly of Manipur. This caused a lot of anger and resentment in Manipur, the repercussions of which are still being felt.

REORGANISATION OF STATES

The process of nation-building did not come to an end with Partition and integration of Princely States. Now the challenge was to **draw the internal boundaries** of the Indian states. The boundaries had to be drawn in a way so that the **linguistic and cultural plurality** of the country could be reflected without affecting the unity of the nation. During colonial rule, the state boundaries were drawn either on administrative convenience or simply coincided with the territories annexed by the British government or the territories ruled by the princely powers.

Our national movement had rejected these divisions as artificial and had promised the **linguistic principle as the basis** of formation of states. In fact after the Nagpur session of Congress in 1920 the principle was recognised as the basis of the reorganisation of the Indian National Congress party itself. **Things changed after Independence and Partition**. Our leaders felt that carving out states on the basis of language might lead to **disruption and disintegration**. The central leadership decided to postpone matters. The need for postponement was also felt because the fate of the Princely States had not been decided. Also, the memory of Partition was still fresh.

The Indian leadership felt that the most important task for the present was to consolidate **national unity**; and any effort undertaken immediately to redraw the

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internal boundaries might dislocate administration and economic development, intensify **regional and linguistic rivalries**, unleash destructive forces, and damage the unity of the country. Hence, while still committed to linguistic states, Nehru and other leaders accorded the task of redrawing India's administrative map a low priority. The Constituent Assembly appointed the **Linguistic Provinces Commission**, headed by Justice S.K. Dar was appointed in **1948**, to enquire into the **desirability of linguistic provinces**.

The **Dar Commission** advised against the step at the time for it might **threaten national unity** and also be **administratively inconvenient**. Consequently, the Constituent Assembly decided not to incorporate the linguistic principle in the constitution. Congress appointed a committee (**JVP**) in December **1948** consisting of Jawaharlal Nehru, Sardar Patel and Pattabhi Sitaramayya, president of the Congress, to **examine the question afresh**. This committee advised against the creation of linguistic states for the time being, emphasizing on **unity, national security and economic development** as the needs of the hour.

This decision of the national leadership was challenged by the **local leaders** and the people. Protests began in the **Telugu speaking areas** of the old Madras province, which included present day Tamil Nadu, parts of Andhra Pradesh, Kerala and Karnataka. The **Vishalandhra movement** demanded that the Telugu speaking areas should be separated from the Madras province of which they were a part and be made into a separate Andhra province. **Potti Sriramulu**, a Congress leader and a veteran Gandhian, went on an indefinite fast that led to his death after 56 days. This caused great unrest and resulted in violent outbursts in Andhra region. Finally, the Prime Minister announced the formation of a **separate Andhra state** in December 1952. The formation of Andhra Pradesh spurred the struggle for making of **other states on linguistic lines** in other parts of the country.

The case for **linguistic states as administrative units** was very strong. Language is closely related to **culture** and therefore to the customs of people. Besides, the **massive spread of education** and growth of mass literacy can only occur through the medium of the mother tongue. **Democracy can become real** to the common people only when politics and administration are conducted through the language they can understand. But this language, the mother tongue, cannot be the medium of education or administration or judicial activity unless a **state is formed** on the basis of such a predominant language.

Considering this, Nehru appointed in **1953, States Reorganization Commission** (SRC), with Justice Fazl Ali, K.M. Panikkar and Hridaynath Kunzru as members, to examine 'objectively and dispassionately' the entire question of the reorganization of the states of the Union. Throughout the two years of its work, the Commission was faced with **meetings, demonstrations, agitations** and hunger strikes. SRC submitted its report in **1955**. While laying down that due consideration should be given to **administrative and economic factors**, it recognized for the most part the linguistic principle and **recommended redrawing of state boundaries** on that basis. On the basis of its report the **States Reorganisation Act** was passed in **1956**. This led to the creation of **14 states** and 6 union territories.

The **Telangana** area of Hyderabad state was transferred to Andhra; **Kerala** was created by merging the Malabar district of the old Madras Presidency with

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Travancore-Cochin. Certain **kannada-speaking areas** of the states of Bombay, Madras, Hyderabad and Coorg were added to the **Mysore state**. **Bombay state** was enlarged by merging the states of Kutch and Saurashtra and the Marathi-speaking areas of Hyderabad with it. The states of **PEPSU** had been merged with **Punjab**, which, however, remained a **trilingual state** having three language speakers-Punjabi, Hindi and Pahari-within its borders. In the Punjabi –speaking part of the state, there was a strong demand for carving out a separate **Punjabi Suba** (Punjabi-speaking state).

Unfortunately, the issue assumed **communal overtones**. The Sikh communalists used the linguistic issue to promote communal politics. Nehru and the Congress leadership were clear that they would not accept any demand for the **creation of a state on religious or communal grounds**. Finally, in **1966**, Indira Gandhi agreed to the division of Punjab into two Punjabi-and Hindi-speaking states of Punjab and Haryana, with the Pahari-speaking district of Kangra and a part of the Hoshiarpur district being merged with Himachal Pradesh. **Chandigarh**, the newly built city and capital of united Punjab, was made a Union Territory and was to serve as the joint capital of Punjab and Haryana.

There was an experiment of „**bilingual**“ **Bombay state**, consisting of Gujarati and Marathi speaking people. After a popular agitation, the states of Maharashtra and Gujarat were created in 1960. Another major reorganisation of states took place in the north east in 1972. **Meghalaya** was carved out of Assam in 1972. **Manipur and Tripura** too emerged as separate states in the same year. The states of Arunachal Pradesh and Mizoram came into being in 1987. **Nagaland** had become a state much earlier in 1963.

Now it is more than fifty years since the formation of linguistic states. We can say that linguistic states and the movements for the formation of these states **changed the nature of democratic politics and leadership** in some basic ways. The path to politics and power was now open to people other than the small English speaking elite. Linguistic reorganisation also gave some uniform basis to the drawing of state boundaries. It **did not lead to disintegration** of the country as many had feared earlier. On the contrary it **strengthened national unity**.

Above all, the linguistic states underlined the **acceptance of the principle of diversity**. When we say that India adopted democracy, it does not simply mean that India embraced a democratic constitution, nor does it merely mean that India adopted the format of elections. The choice was larger than that. It was a choice in favour of recognising and **accepting the existence of differences** which could at times be oppositional. Democracy, in other words, was associated with **plurality of ideas** and ways of life. Much of the politics in the later was to take place within this framework.

Events since 1956 have clearly shown that **loyalty to a language** was quite consistent with, and was rather complementary to, **loyalty to the nation**. By reorganizing the states on linguistic lines, the national leadership removed a major grievance which could have led to fissiparous tendencies. States reorganization is, therefore, 'best regarded as clearing the ground for national integration'. Equally important, linguistic reorganization of the states has not in any manner adversely affected the **federal structure of the Union** or weakened or paralysed the Centre as

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many had feared. The central government wields as much authority as it did before. Thus, states' reorganization has not only not weakened the **unity of the country** but as a whole strengthened it.

Language did not, however, remain the sole basis of organisation of states. In later years **sub-regions raised demands** for separate states on the basis of a separate regional culture or complaints of **regional imbalance** in development. Three such states, Jharkhand, Chhattisgarh and Uttaranchal, were created in 2000. The story of reorganisation has not come to an end. There are many regions in the country where there are **movements demanding separate and smaller states**. These include Telangana in Andhra Pradesh, Vidarbha in Maharashtra, Harit Pradesh in the western region of Uttar Pradesh and the northern region of West Bengal.

THE ISSUE OF OFFICIAL LANGUAGE

The controversy on the language issue became most virulent when it took the form of opposition to Hindi and tended to create **conflict between Hindi-speaking and non-Hindi-speaking regions** of the country. India was a multilingual country and it had to remain so. The Indian national movement had carried on its ideological and political work through the **different Indian regional languages**. The issue of a national language was resolved when the constitution-makers virtually **accepted all the major languages as „languages of India“** or India's national languages. But the matter could not end there, for the country's official work could not be carried on in so many languages. There had to be one common language in which the central government would carry on its work and maintain contact with the state government.

The leadership of the national movement was convinced that **English** would not continue to be the **all-India medium of communication** in free India. For example, even while appreciating the value of English as a world language, through which Indians could access world science and culture and modern Western ideas, Gandhiji was convinced that the **genius of a people could not unfold** nor could their culture flower in a foreign language. Hindi had been accepted by leaders because it was considered to be the most widely spoken and understood language in the country. In its sessions and political work, the Congress had substituted Hindi and the provincial languages in place of English.

Sharp differences marked the initial debates as the problem of the official language was highly politicized from the beginning. It was accepted that Hindi would be the **official and not the national language**. The issue of the **time-frame for a shift from English to Hindi** produced a divide between Hindi and non-Hindi areas. The spokespersons of Hindi areas were for the immediate switchover to Hindi; while those from non-Hindi areas **advocated retention of English** for a long if not indefinite period. Nehru was for making Hindi the official language, but he was also in favour of English continuing as an **additional official language**, because of its usefulness in the contemporary world.

The **critics of Hindi** talked about it being **less developed** than other languages as a literary language and as a language of science and politics. But their main fear was that Hindi's adoption as the official language would place non-Hindi areas, especially **South India, at a disadvantage** in the educational and economic spheres,

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and particularly in competition for appointments in government and the public sector. Such opponents tended to argue that imposition of Hindi on non-Hindi areas would lead to their **economic, political, social and cultural domination by Hindi areas**. The constitution-makers were aware that as the leaders of a multilingual country they could not ignore, or even give the impression of ignoring, the interests of any one linguistic area. A compromise was arrived at. The constitution provided that **Hindi in Devanagari script with international numerals** would be India's official language.

English was to continue for use in all official purposes till 1965, when it would be replaced by Hindi. Hindi was to be introduced in a phased manner. After 1965 it would become the **sole official language**. However, parliament would have the power to provide for the use of English for specified purposes even after 1965. The constitution laid upon the government the **duty to promote the spread and development of Hindi** and provided for the appointment of a commission and a Joint Parliamentary Committee to review the progress in this respect. The **state legislatures** were to decide the matter of official language as the state level, though the official language of the Union would serve as the language of **communication between the states and the Centre** and between one state and another.

Nehru and the majority of Indian leaders, however, remained committed to the transition to Hindi as the official language. In the **interests of national unity as also economic and political development** they also realized that full transition to Hindi should not be time-bound and should await a politically more auspicious time when the **willing consent of the non-Hindi areas** could be obtained. In 1956, the Report of the **Official language Commission**, set up in **1955** in terms of constitutional provision, recommended that Hindi should start progressively replacing English in various functions of the central government with effective change taking place in 1965.

To implement the recommendations of the Committee, the president issued an order in April 1960 stating that after 1965 **Hindi would be the principal official language but that English would continue** as the associate official language without any restriction being placed on its use. Hindi would also become an alternative medium for the **Union Public Service Commission examinations** after some time, but for the present it would be introduced in the examinations as a qualifying subject. In accordance with the President's directive, the central government took **a series of steps to promote Hindi**. These included the setting up of the **Central Hindi Directorate**, publication of standard works in Hindi or in Hindi translation in various fields, compulsory training of central government employees in Hindi, and translation of major texts of law into Hindi and promotion of their use by the courts. All these measures **aroused suspicion and anxiety** in the non-Hindi areas and groups. Nor were the Hindi leaders satisfied.

To allay the fears of the non-Hindi people, **Official Languages Act** was passed in 1963. The object of the Act was to **remove a restriction** which had been placed by the Constitution on the use of English after. The Act laid down that the English language may continue to be used in addition to Hindi. The non-Hindi groups criticized the use of the word 'may' in place of the word 'shall'. This made that Act ambiguous in their eyes; they **did not regard it as a statutory guarantee**. As 26 January 1965 approached, a **fear psychosis** gripped the non-Hindi areas, especially Tamil Nadu, creating a strong anti-Hindi movement. On 17 January, the DMK organized the **Madras**

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State Anti-Hindi Conference which gave a call for observing 26 January as a day of mourning.

In **1967** Indira Gandhi moved the bill to amend the 1963 Official Language Act. The Act gave provided that the use of **English as an associate language** in addition to Hindi for the official work at the Centre and for communication between the Centre and non-Hindi states would continue as long as the **non-Hindi states wanted it**, giving them full veto powers on the question. The states were to adopt a **three-language formula** according to which in the non-Hindi areas, the mother tongue, Hindi and English or some other national language was to be taught in schools while in the Hindi areas a non-Hindi language, preferably a southern language, was to be taught as a compulsory subject. India had arrived at a **widely accepted solution** to the very difficult problem of the official and link language for the country. Since 1967, this problem has gradually **disappeared from the political scene**.

THE ISSUE OF MINORITY LANGUAGES

An important aspect of the language problem has been the status of minority languages. **Unilingual states** were not possible in whatever manner their boundaries were drawn. Consequently, a **large number of linguistic minorities**, that is, those who speak a language other than the main or the official language of the state, continue to exist in linguistically reorganized states. Overall nearly **18% of India's population** does not speak the official language of the states where they live as their mother tongue. On the one hand, there was the **question of their protection**, for there was the ever-present danger of them being meted out unfair treatment, on the other, there was the need to **promote their integration** with the major language group of a state.

A linguistic minority had to be given the **confidence that it would not be discriminated** against by the majority and that its language and culture would continue to exist and develop. To confront this problem certain **Fundamental Rights** were provided to the linguistic minorities in the constitution. For example, **Article 30** states that all minorities, whether based on religion or language, shall have the right to **establish and administer educational institutions** of their choice and, more important, that the state shall not, in granting aid to educational institutions, **discriminate against any educational institution** on the ground that it is under the management of a minority, whether based on religion or language.

Article 347 lays down that on a demand being made on behalf of a minority, the **President** may direct that its language shall be **officially recognized** throughout the state or any part thereof for such purposes as he might specify. The **official policy since 1956**, sanctioned by a constitutional amendment in that year, has been to provide for **instruction in the mother tongue** in the primary and secondary classes wherever there are a **sufficient number of children** to form a class. The amendment also provides for the appointment of a **Commissioner for Linguistic Minorities** to investigate and report regularly on the implementation of these safeguards.

On the whole, the central government has tended to play a very **positive role in defence of the rights of the minorities**, but the implementation of the

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minority safeguards is within the purview of the state governments and therefore differs from state to state. In general, despite some progress in several states, in most of them the **position of the linguistic minorities** has not been satisfactory. The Commissioner for Linguistic Minorities has in his reports regularly noted **innumerable cases of discrimination** against linguistic minorities in matters of schooling, admission to technical and medical institutions and employment in the state public services because of lack of proficiency in the official language of the state.

Among the minority languages, **Urdu is a special case**. It is the **largest minority tongue** in India. Nearly **23 million people** spoke Urdu in **1951**. Urdu speakers constituted substantial percentages of the population in Uttar Pradesh (10%), Bihar (9%), Maharashtra (7%), Andhra Pradesh (8%) and Karnataka (9%). Moreover, an overwhelming majority of Muslims, India's largest religious minority, claimed **Urdu as their mother tongue**. Urdu is also recognized as **one of India's national languages** and is listed in the **Eighth Schedule** of the constitution.

While nearly all the major languages of India were also the official languages of one state or the other, **Urdu was not the official language of any state** except the small state of Jammu and Kashmir where the mother tongues were in any case Kashmiri, Dogri and Ladakhi. Consequently, Urdu did not get official support in any part of the country. On the contrary, it faced **official discrimination and hostility** both in U.P. and Bihar. The **U.P. government** decided early on to declare Hindi as the only official language of the state. In practice, Urdu **began to be abolished** in many primary schools. Its use as a medium of instruction was also increasingly limited. The U.P. government gave its main justification being that the SRC had recommended that **at least 30% population** in a state should speak a language before it could be made the second official or regional language.

The governments of **Andhra Pradesh and Karnataka** were more supportive of Urdu. In Andhra, Urdu has been recognized since 1968 as an additional language for the **Telangana** region. And in both the states, **adequate facilities** are provided for instruction through the medium of Urdu in the primary stage and for instruction in Urdu at the higher school stages. Two other aspects of Urdu's position may be noted. First, unfortunately the question of Urdu has got entangled with the **communal question**. Second, despite active hostility of many and official neglect, Urdu **continues not only to exist but even grow** in terms of literary output, journals and newspapers and especially as the language of **films and television** because of its inherent vigour and cultural roots among the Indian people.

THE CHALLENGE OF LEFT

In the early post-independence period, the government was faced with another challenge; this time from the left. The **Communists Party of India (CPI)** proclaimed the **beginning of a general revolution** in India in February 1948, declaring the Nehru government of being an agent of **imperialist and semi-feudal** forces. It **initiated militant mass movements** in various areas, the most prominent being the attempt to organize a railway strike all over the country in March 1949. It also continued the **armed struggle in the Telangana** area of the Hyderabad state begun earlier against the Nizam.

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Nehru was appalled, but though he was highly critical of the policy and activities of the CPI, he **resisted banning it** till he felt that there was enough proof of its violent activities. Even then he permitted the **banning of the CPI only in West Bengal and Madras** where it was most active. Being in agreement with the basic socio-economic objectives of the Communists, he believed that the best way to combat their politics and violent activities was to **remove the discontent of the people** through economic and other reformist measures. Even so, as soon as the CPI gave up its programme of waging armed struggle, including in Telangana, and declared its **intention to join the parliamentary democratic process**, Nehru saw to it that the CPI was legalized everywhere and its leaders and cadres released. It was also allowed to participate in the general elections of 1951-52.

NEHRU AND PATEL

Patel was undoubtedly the main leader of the Congress **right wing**. But his rightist stance has often been grossly misinterpreted. Like Nehru, he fully shared the **basic values of the national movement**: commitment to democracy and civil liberties, secularism, independent economic development, social reform and a pro-poor orientation. He stood for the **abolition of landlordism** but through payment of compensation. A staunch opponent of communalism, he was fully committed to **secularism**. He was also utterly **intolerant of nepotism and corruption**. Patel's conservatism, however, found expression with regard to the questions of class and socialism. Before 1947, he had **opposed the Socialists** and the Communists.

After 1947, he argued successfully both for **stimulus to private enterprise** and the incorporation of the **right of property** as a fundamental right in the constitution. Thus, the right-wing stance of Patel was basically a matter of social ideology. **Patel and Nehru** had temperamental as well as ideological differences. After 1947, policy differences on several questions cropped up between them. The two differed on the **role and authority to be handled** and the relations with Pakistan. Nehru opposed, though unsuccessfully, Patel's view that the right to property should be included among the Fundamental Rights in the constitution.

Yet, the two **continued to stick and pull together** and there was no final parting of ways. This was because what united them was more significant and of abiding value than what divided them. Also, they **complemented each other** in many ways: one was a great **organizer** and able **administrator**, the other commanded immense mass support and had a wide social and developmental perspective. Throughout Patel remained Nehru's loyal colleague, assuring him of complete support for his policies.

LAND REFORMS SINCE INDEPENDENCE

AGRICULTURE AT INDEPENDENCE

Colonialism shattered the basis of **traditional Indian agriculture** without bringing in any **dynamic new forces**. **Commercialization** of agriculture and **differentiation** within the peasantry occurred on an unprecedented scale. Commercialization of agriculture in colonial India facilitated the extraction of surplus from the peasantry and the **transfer of this surplus** from India to Britain by bringing agricultural produce to the export market. The „**unrequited**“ **export surplus** was the size of the surplus extraction or ‘**drain**’ from India. Similarly, differentiation of the peasantry in India by and large did not lead to the rise of the **rich peasant**“ **capitalist farmer** but to the creation of a **renter landlord class**.

The colonial state made a **very high tax demand** on agriculture. In the early colonial period the state made **permanent settlements** with zamindars fixing the land revenue rates at a very high level. The zamindar was the **intermediary** between the state and the direct cultivator. He **committed to pay fixed land revenue** to the state while he collected rent from the actual producers. However, since land revenue was fixed, the actual producers. However, since land revenue was fixed, the colonial state discovered that it was **not able to mop up the rise in agricultural income** caused by the rise in agricultural prices that occurred over time. The surplus or the increase in income was being largely appropriated by the intermediaries.

Consequently, all subsequent land tax or revenue settlements made by the colonial rulers were **temporary settlements** made directly with the peasant, or ‘**ryot**’ (e.g., the ryotwari settlements). The land revenue rates were **periodically enhanced** pushing them up to the maximum limit. Under colonialism Indian agriculture experienced the **growth of landlordism** and **rack renting** on a very wide scale. In the zamindari areas **absentee landlordism** and sub-infeudation was rampant. So high were the rents and other exactions from the peasant that the gap between what was collected from the peasant and the land revenue paid to the state was in some areas able to sustain scores of **layers of intermediaries** between the state and the direct cultivator.

The colonial situation created ideal conditions for tenancy and rack-renting. The destruction of **traditional handicrafts and artisanal industry** and the absence of a rapid growth of modern industry created an enormous population **pressure on agriculture**. No wonder then that levels of rent in cash or kind were generally higher than **50% of the crop**. In addition to the rent demand the landlords resorted to numerous **illegal exactions** in cash, kind or labour (beggar), which put a severe burden on the peasant. The problem of **small holdings** was further accentuated by their **fragmentation**, that is, these being held in dispersed small plots. One estimate is that the average holding in the country had approximately 6 plots of 1.1 acres each.

The heavy demands on the cultivator made by the colonial state and the dominant sections in rural society led to a **third major feature** of colonial agriculture: **extreme indebtedness** of the peasantry. **Bonded labour** or debt bondage became a

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common feature in large parts of the country. No wonder, at independence India was faced with an **acute food shortage** which created near-famine conditions in many areas. The challenge before the independent regime in 1947 was to bring about comprehensive **institutional and technological reform** in Indian agriculture. **Justice Ranade** was among the first to argue for a structural change which would replace the existing semi-feudal agriculture with capitalist agriculture.

He argued for a **mixed model of capitalist agriculture**. He envisaged on the one hand a class of wealthy large-scale farmers who were to be created by the **transformation of the existing rentier landlords** into capitalist landlords. On the other hand he envisaged a vast mass of **independent peasant proprietors** free from landlord oppression, with access to cheap credit, and subject only to a low fixed land tax. This policy was accepted by the Government though a number of alternative strategies were also advocated.

Shortly after independence, the AICC appointed a **special committee** headed by Jawaharlal Nehru to draw up an economic programme. The committee also called the Economic Programme Committee made a **20-point recommendation** for agriculture. It recommended **all intermediaries** between the tiller and the state should be eliminated and all middlemen should be replaced by **non-profit making agencies**, such as **cooperatives**. As for cooperative farming or production cooperatives the committee recommended that the state should organize **pilot schemes** for experimenting with cooperative farming among small holders. The maximum size of holding should be fixed. The **surplus land** over such a maximum should be acquired and placed at the disposal of the village cooperatives.

The process of land reform after independence basically occurred in **two broad phases**. The first phase which started soon after independence and arguably continued till the early 1960s focused on the following features: (1) abolition of intermediaries— zamindars, jagirdars, etc., (2) tenancy reforms involving providing security of tenure to the tenants, decrease in rents and conferment of ownership rights to tenants, (3) ceilings on size of landholdings, (4) cooperativisation and community development programmes. This phase has also been called the **phase of institutional reforms**. The second phase beginning around the mid-or late 1960s saw the gradual ushering in of the so-called **Green Revolution** and has been seen as the phase of **technological reforms**.

ZAMINDARI ABOLITION

By 1949, **zamindari abolition bills** or land tenure legislation were introduced in a number of provinces such as Uttar Pradesh, Madhya Pradesh, Bihar, Madras, Assam and Bombay. The zamindars in various parts of the country **challenged the constitutionality** of the law permitting zamindari abolition and the courts, upheld the landlords' suit. The government responded by getting constitutional amendments passed. The **1st Amendment in 1951** and the **4th Amendment in 1955** were aimed at further strengthening the hands of the state legislatures for implementing zamindari abolition, making the **question of violation of any fundamental right** or insufficiency of compensation not permissible in the courts.

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A major difficulty in implementing the zamindari abolition acts was the absence of adequate **land records**. Nevertheless, by end of 1950s the process of land reform involving **abolition of intermediaries** (the zamindars of British India, and jagirdars of the princely states now merged with independent India) can be said to have been completed. Considering that the entire process occurred in a **democratic framework**, it was completed in a remarkably short period. The abolition of zamindari meant that about **20 million erstwhile tenants** now became landowners. The **compensation** actually paid to the zamindars once their estates were acquired was generally small and varied from state to state depending upon the strength of the peasant movement and consequent **class balance** between the landlords and the tenants and the ideological composition of the Congress leadership.

Weaknesses in Zamindari Abolition

There were, however, certain important weaknesses in the manner in which some of the clauses relating to zamindari abolition were **implemented** in various parts of the country. For example, in **Uttar Pradesh**, the zamindars were permitted to retain lands that were declared to be under their **„personal cultivation“** making it possible for not only those who tilled the soil, but also those who supervised the land personally or did so through a relative, or provided capital and credit to the land, to **call themselves a cultivator**. To begin with there was **no limit on the size of the lands** that could be declared to be under the 'personal cultivation' of the zamindar. The result in actual practice, however, was that even zamindars who were absentee landowners could now end up **retaining large tracts of land**.

Further, in many areas, the zamindars in order to declare under 'personal cultivation' as large a proportion of their lands as possible often resorted to **large-scale eviction of tenants**, mainly the less secure small tenants. Many of the zamindars moved towards progressive capitalist farming in these areas, as this was indeed one of the objectives of land reform. The landlords used **every possible method of parliamentary obstruction** in the legislatures. Even after the laws were enacted the landlords used the **judicial system** to defer the implementation of the laws. While the big landlords, who lost the bulk of their lands, were the chief losers, the main beneficiaries of zamindari abolition were the **occupancy tenants** or the upper tenants, who had direct leases from the zamindar, and who now became landowners.

TENANCY REFORMS

Tenancy reforms had **three basic objectives**. First, it was to guarantee **security of tenure** to the tenants who had cultivated a piece of land continuously for a fixed number of years. Second, it was to seek the **reduction of rents** paid by tenants to a 'fair' level; which was generally considered to range between one-fourth and one-sixth of the value of the gross produce of the leased land. The third objective was that the tenant gains the **right to acquire ownership** of the lands he cultivated, subject to certain restrictions. While attempting to improve the condition of the tenants, tenancy legislation in India, by and large, sought to maintain a **balance between the interest** of the landowner, particularly the small landowner, and the tenant.

The absentee landowners' right of resumption of land for 'personal cultivation', as well as the tenants' right to acquire the lands they cultivated, was

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operated through a **complex and variable system of „floors“ and „ceilings“** keeping this balance in view. The landowner's right of resumption was limited (this was aimed at the large landowners) to his **total holding after resumption** not exceeding a **certain limit or ceiling prescribed by each state**. Also, while resuming land, the landowner could not deprive the tenant of his entire lands. In some states like Kerala, Orissa, Gujarat, Himachal Pradesh, Maharashtra, Karnataka and Tamil Nadu, the tenant had to be **left with at least half his holding**.

Tenants right to acquire the landowner's lands was restricted by the condition that the **landowner was not to be deprived** of all his lands and that the tenants' holding after acquisition was **not to exceed the ceiling** prescribed by each state. Very small landowners could resume their entire holding for self-cultivation. However, the **actual experience** of implementation of the tenancy laws was more complicated. Large landowners transferred their **lands in the names of a number of relatives** and others so as to enter the category of 'small landowner' and then evicting tenants from such lands by exercising the **right of resumption given to small owners**.

Even after the tenants got **legal protection** against eviction, **large-scale evictions** occurred or example, the Planning Commission's Panel on Land Reforms noted in 1956 that between 1948 and 1951 the number of **protected tenants** in the state of Bombay declined from 1.7 million to 1.3 million. In many cases tenancy legislations led to tenancy being **pushed underground**, that is, it continued in a concealed form. The tenants were now called **„farm servants“** though they continued in exactly the same status. In the early years of land reform, tenants were often **converted to sharecroppers**, as surprisingly the latter were not treated as tenants and therefore were not protected under the existing tenancy legislation. In some states such as Uttar Pradesh **Only cash rent payers** were treated as tenants.

Perhaps what contributed most to the **insecurity of tenants** was the fact that most tenancies were **oral and informal**, that is, they were not recorded and the tenants therefore could not benefit from the legislation in their favour. The **absence of proper records** was seen as a major impediment in the implementation of the Zamindari Abolition and land Reform Act. In the late 1960s a **massive programme of conferment of titles** to lands to hutment dwellers and tenants was undertaken in **Kerala**. The programme, which achieved considerable success, was launched with the **active participation of peasant organizations**. The Left Front government in **West Bengal** which came to power in 1977 launched the famous **Operation Barga** with the objective of, in a time-bound period, achieving the registration of sharecroppers, so that they could then proceed to secure for them their legal rights.

Limitations of Tenancy Reform

The **first objective** of tenancy legislation in India, that of providing **security of tenure** to all tenants, met with only **limited success**. While a substantial proportion of tenants did acquire security there were still large numbers who remained unprotected. The **partial success stories** such as those of Kerala and West Bengal notwithstanding, the practice of unsecured tenancy, continued in India on a large scale. It is the continued existence of large numbers of insecure tenants which, inter alia, made the successful implementation of the **second major objective** of tenancy legislation

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that of **reducing rents to a „fair“ level**, almost impossible to achieve. The market condition, for example, the **adverse land-man ratio** that developed in India during colonial rule, led to high rents. Further, the **Green Revolution** which started in some parts of India in the late 1960s aggravated the problems, with **land values and rentals** rising further and reaching, for example, in parts of Punjab, rates as high as 70%.

As for the **third objective** of tenancy legislation in India, that is, the **acquisition of ownership rights** by tenants, this too was achieved only **partially**. Abolition of zamindari led to about **20 million tenants**, the superior occupancy tenants, becoming landowners and many **absentee zamindars** actually turning to direct cultivation in the lands **‘resumed’** for **‘personal’** cultivation. In the **ryotwari areas** nearly **half the tenants**, for example, in Bombay and Gujarat became landowners. Further, about half of the lands from which tenants were evicted were **used by the landowners for direct cultivation**, that is, they were not leased out again in a concealed manner. Also, a very substantial number of **inferior tenants** in former ryotwari areas got occupancy rights.

LAND CEILINGS

A major plank of the land reform effort in India was the imposition of ceilings on the size of landholdings, with the objective of **making land distribution more equitable**. On this question, however, **societal consensus** was weak, if not non-existent, and that was reflected in the extreme difficulty in implementing this programme with even a reasonable degree of success. In 1946, a Committee headed by **Jawaharlal Nehru** had recommended that the **maximum size** of holdings should be fixed. The surplus land over such a maximum should be acquired and placed at the disposal of the **village cooperatives**. Similarly, the Congress Agrarian Reforms Committee, chaired by J.C. **Kumarappa**, in 1949, also recommended a ceiling on landholding which was to be **3 times the size of an economic holding**.

There was no immediate programme of implementing ceilings. In **1959** Nagpur Session of Congress passed a resolution stating that in order to **remove uncertainty regarding land reforms** and give stability to the farmer, ceilings should be fixed on existing and future holdings and legislation to this effect should be completed in all States by the end of 1959. Further, the land declared **surplus**, that is, above ceiling limits, was to **vest in the panchayats** and be managed through **cooperatives consisting of landless labourers**. Nagpur Resolution contributed considerably towards consolidation of **right-wing forces** both in the rural and urban sectors of the country.

N.G. Ranga and C. **Rajagopalachari** alarmed at the moves towards land ceilings and **threats of compulsory cooperativisation**. The campaigners and beneficiaries of zamindari abolition, the **tenants who had now become landowners**, also ranged themselves against the next step in land reform, an attempt at redistribution of land-ownership through imposition of land ceilings. States had to formulate and implement legislation. Most states passed the enabling legislation by the end of 1961.

Weaknesses in Land Ceiling Legislation

The **long delay**, as well as the nature of the legislation, ensured that the ceilings would have a much muted impact, **releasing little surplus land** for

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redistribution. In a situation where more than 70% of landholdings in India were less than 5 acres, the **ceiling fixed on existing holdings** by the states were very high. For example, in Andhra Pradesh, it varied from 27 to 312 acres (depending on the class of land), Assam 50 acres, Punjab 30 to 60 acres. Moreover, in most states, initially, the **ceilings were imposed on individual** and not family holdings, enabling landowners to divide up their holdings 'notionally' in the **names of relatives** merely to avoid ceiling.

Further, in many states the **ceiling could be raised**, for example, by 90% in Madhya Pradesh, 100% in Bihar, Madras and Maharashtra, if the **size of the family** of the landholder exceeded 5. **Certain categories of land** could be exempted from ceilings. These were tea, coffee and rubber plantations, orchards, specialized farms engaged in cattle breeding, dairying wool raising, etc., the intention was clearly to promote **progressive or capitalist farming** done on a large scale. However, the exemptions were often carried to **absurd limits** with Tamil Nadu reportedly permitting 26 kinds of exemptions. In fact, despite the ceiling legislations which were passed by most states by 1961, till the end of 1970 **not a single acre was declared surplus** in large states like Bihar, Mysore, Kerala, Orissa and Rajasthan. In Andhra Pradesh, a mere 1,400 acres was declared surplus but no land was distributed.

However, taking India as whole, **only 2.4 million acres** was declared surplus by the end of 1970, and the area distributed constituted a mere 0.3 per cent of the total cultivated land of India. The year **1970**, saw a **widespread „land grab“ movement** by the landless in many parts of the country under the leadership of the Communist and Socialist parties. The total amount of land seized was not very significant and most of it was **government wasteland**, land taken over by the government but not distributed. The movement was effectively suppressed. The Central Government passed certain **guidelines**, which marked a break in the history of ceiling legislation in 1972:

- a. The ceiling for **double-cropped perennially irrigated land** was to be within the range of 10-18 acres, it was 27 acres for single-cropped land and 54 acres for inferior dry lands.
- b. A ceiling was to be applicable to a **family as a unit of 5 members**. Additional land per additional member could be permitted for families which exceeded this number but up to a maximum limit of double the ceiling for the five-member unit.
- c. In the distribution of **surplus land**, priority was to be given to **landless agricultural workers**, particularly those belonging to the SCs and STs.
- d. **Compensation** payable for surplus land was to be fixed **well below market price** so as to be within the capacity of the new allottees.

Most states passed **revised ceiling legislation**, lowering the ceiling limits within the range prescribed in the guidelines. **Resistance to the ceiling laws** and efforts to evade the ceiling continued in a variety of ways. A common method was to seek **judicial intervention** on a number of grounds. In an attempt to stem this menace the government got the **34th Amendment** to the constitution passed in Parliament in 1974, getting most of the revised ceiling laws included in the **9th Schedule** of the constitution so that they could not be challenged on constitutional grounds. By 1992, the area declared **surplus was 7 million acres** and the area **distributed was about 5 million acres** and the beneficiaries numbered about 5 million. An important impact of

the ceiling laws was that it **discouraged concentration of landownership** beyond the ceiling level.

In the long run, the **high population growth** and the **rapid subdivision** of large holdings over several generations led automatically to little land remaining over the ceiling limits. Except in certain small pockets in the country, very large landholdings of the semi-feudal type are now **things of the past**. However, any further attempt at land redistribution through lowering of ceilings does not appear to be **politically feasible** or even economically viable. Perhaps the **only viable programme** left for the landless was the one which has been to some extent taken up in recent years, of **distributing homestead lands** or even just home sites, ensuring the payment of minimum wages, as well as providing security of tenure and fair rents to sharecroppers and tenants.

Bhoodan Movement

Bhoodan was an **attempt at land reform**, at bringing about **land redistribution** through a movement. Eminent Gandhian constructive worker **Acharaya Vinoba Bhave** organized an all-India federation of constructive workers, the **Sarovodaya Samaj**, which was to take up the task of a non-violent social transformation in the country. He and his followers were to do **padayatra** (foot walk) to **persuade the larger landowners** to donate at least 1/6th of their lands as Bhoodan or „**land-gift**“ for distribution among the landless and the land poor. The target was to get as donation 50 million acres, which was one-sixth of the 300 million acres of cultivable land in India.

In the initial years, the movement achieved a considerable degree of success, **receiving over 4 million acres of land** as donation. However a substantial part of the land donated was **unfit for cultivation** or under litigation. Towards the end of 1955, the movement took a new form, that of **Gramdan or „donation of village“**. Again taking off from the Gandhian notion that all land belonged to ‘Gopal’ or God, in Gramdan villages the movement declared that all land was **owned collectively or equally**, as it did not belong to any one individual. The movement started in **Orissa** and was most successful there.

By the end of 1960 there were more than **4,500 Gramdan villages** out of which around 2000 were in Orissa. By the 1960s the Bhoodan/ Gramdan movement had **lost its élan** despite its considerable initial promise. Its **creative potential** essentially remained unutilized. A proper assessment of the movement particularly its potential is still to be made. It has been too easily dismissed as not only „**Utopian**“ but also as being reactionary, class collaborationist and **aimed at preventing class struggle**. Its purpose was to **serve as a brake** on the revolutionary struggle of the peasants⁶.

However, some very **significant aspects** of the Bhoodan movement need to be noted. First, the very fact that it was one of the very few attempts after independence to bring about **land reform through a movement** and not through government legislation from the top is in itself very significant. Second, the **potential of the movement** was enormous, based as it was on the **idea of trusteeship** or that all land belonged to God. If the landlords failed to behave as trustees or as ‘equal’ sharers

of property, then a **Satyagraha**, in the Gandhian mould, could be launched against them. The movement made a significant contribution by **creating a moral ambience**, an atmosphere, which, while putting pressure on the landlords, created conditions **favourable to the landless**.

COOPERATIVES

A wide spectrum of the national movement's leaders including Mahatma Gandhi, Jawaharlal Nehru, the Socialists and Communists were agreed that cooperativisation would lead to **major improvement in Indian agriculture** and would particularly benefit the poor. However, there was **no general consensus**, particularly among the peasantry, on the question of cooperatives. It was clarified that any move towards cooperativisation was to be **through persuasion**, by getting the goodwill and agreement of the peasantry. The **Second Plan** envisaged to take such essential steps as will provide sound foundations for the development of cooperative farming so that over a period of 10 years or so a **substantial proportion of agricultural lands are cultivated on cooperative lines**.

Meanwhile it was reported that **China** had achieved remarkable increases in foodgrain production and extension of the agricultural infrastructure through cooperativisation. Thus a bold programme of extending cooperative farming in India was recommended by **Jawaharlal Nehru**, who was deeply committed to the idea of cooperativisation. He started putting pressure on the states to emulate the Chinese example. The states, however, resisted any **large-scale plan for cooperativisation**, agreeing only to experiments in cooperative farming and that too if they remained **strictly voluntary**. Congress Nagpur Resolution of 1959 visualized agrarian pattern based on **joint cooperative farming** and it specified that such a pattern was to be achieved **within 3 years**.

A wave of opposition, both within and outside the Congress, followed this recommendation. It was argued that the Resolution was the **first step towards ending private property** and eventual **expropriation of the landed classes** and that it would lead to forced collectivization on the **Soviet or Chinese pattern**. The government came in conciliatory mood and argued for setting up „**service cooperatives**“ all over the country over the next 3 years and Cooperative farms were to be set up voluntarily wherever conditions became mature. The **Third Plan** reflected the **mellowed position** regarding cooperativisation and took a very pragmatic and cautious approach.

Limitations of Cooperativisation

As for joint farming, **two types of cooperatives** were observed. First, there were those that were formed essentially to **evade land reforms** and access incentives subsidies offered by the state. Typically, these cooperatives were formed by **well-to-do, influential families** who took on a number of agricultural labourers or tenants as bogus members. Forming a cooperative **helped evade the ceiling laws** or tenancy laws. Second, there were the **state-sponsored** cooperative farms in the form of pilot projects, where generally **poor, previously uncultivated land** was made available to the landless. The poor quality of land, lack of proper **irrigation facility**, etc., and the fact that these farms were run like government-sponsored projects led them to be generally **expensive unsuccessful experiments**.

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In any case, the hope that the service cooperatives would facilitate the transition to cooperative farming was completely belied. The service cooperatives, which fared much better than the farming cooperatives, also suffered from some **major shortcomings**. To begin with, the **leadership** of the cooperatives consisted of the leading family or families of the village which, not only owned a great deal of land but also **controlled trade and money lending**. Low interest **agricultural credit** made available through cooperative rural banks was used by such families for non-agricultural businesses, consumption and even money lending. The village poor, the landless, got little out of these institutions. Refusal of the cooperatives to issue **crop loans** on credit was given against land as security; which meant that the landless were essentially excluded from this scheme.

A common shortcoming of the cooperative movement was that instead of promoting **people's participation** it soon became like a **huge overstuffed government department**. A large bureaucracy, instead of becoming the instrument for promoting cooperatives, typically became a hindrance. However service cooperatives had started to play a **very important role in rural India**. Their role in making available a much increased amount of **cheap credit** to a wider section of the peasantry was critical. They also helped in bringing **improved seeds**, modern implements, cheap fertilizers, etc., to the peasants, and, in many areas they also helped market their produce. In fact, in many ways they provided a necessary condition for the **success of the Green Revolution** strategy launched in the late 1960s.

Milk Cooperatives: Operation Flood

This experiment, which started modestly in Kaira (also called **Kheda**) district of Gujarat eventually, became the harbinger of the „**White Revolution**“ that spread all over India. Peasants of Kaira district, which supplied milk to the city of Bombay, felt **cheated by the milk traders**. At the initiative of **Patel and Morarji Desai**, the farmers organized themselves into a cooperative union and were able to pressurize the Bombay government, albeit with the help of a 'milk strike', to buy milk from their union. Thus the **Kaira District Cooperative Milk Producers' Union Ltd**, formally registered in 1946, started modestly in **Anand**. Dr **Verghese Kurien** was the celebrated and proud employee of the Kaira farmers, and its chief executive.

In the process of this rapid growth, the union greatly **diversified its activities**. In 1955, it had set up a factory to **manufacture milk powder** and butter. The same year the union chose the name of „**Amul**“ for its range of products. In 1960, a new factory was added which was designed to manufacture 600 tonnes of cheese and 2,500 tonnes of baby food every year – the **first in the world** to manufacture these products on a large commercial scale using buffalo milk. Cattle owned by cooperative members were provided with **insurance cover** should anything happen to this major source of their livelihood. An Institute of Rural Management (**IRMA**) was founded in Anand for **training professional managers** for rural development projects.

As the 'Anand Pattern' gradually spread to other districts in Gujarat, in 1974, the **Gujarat Cooperative Milk Marketing Federation Ltd** Anand, was formed as an apex organization. A crucial feature of the cooperative movement associated with the 'Anand Pattern' was the **democratic mode of functioning** of the cooperatives. To

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spread this experiment to other states, the **National Dairy Development Board** (NDDB) was created in 1965. NDDB launched 'Operation Flood', a programme to replicate the 'Anand Pattern' in other milk sheds of the country. A study done by the **World Bank** of Operation Flood has detailed how the effort to replicate the 'Anand Pattern' paid rich dividends. First, the obvious impact of Operation Flood was the **considerable increase in milk supply** and consequent **increase in income** of the milk producers, particularly the poor. While **national milk production** grew at 0.7 per cent per annum till 1969, it grew at more than 4 per cent annually after the inception of Operation Flood.

It was estimated that **60% of the beneficiaries** were **marginal or small farmers and landless**. Milk cooperatives thus proved to be a significant anti-poverty measure. In this connection, the World Bank report highlighted an important 'lesson' learnt from operation Flood, a lesson with major politico-economic implications. The 'lesson' was that 'by focusing a project on a **predominant activity of the poor**, "self-selection" is likely to result in a major portion of the beneficiaries being poor' thus reaching 'target' groups which generally prove 'elusive to reach in practice'. Further, it may be added the Anand-type milk cooperatives reached the poor **irrespective of caste, religion or gender**, without targeting any of these groups specifically. Second, the impact of the milk cooperatives and Operation Flood went way beyond just increase in milk supply and incomes.

It led to the **indigenization of the infrastructure and technology** that considerably lowered costs, making it possible to procure and account for minute quantities of milk. Third, Operation Flood spread and even intensified the impact of the milk cooperatives on **women and children** and on **education**. Operation flood in cooperation with NGOs like the Self-Employed Women's Association (**SEWA**), established about **6,000 women dairy cooperative societies** (WDCS) were only constituted exclusively of women. They **gave women greater control over their lives** through the milk income accruing to them and also enabled them to participate in **decision-making** outside their homes. It contributed to children staying in school longer, that is, it reduced the **dropout rate**. The spread of the 'Anand Pattern' was not to be limited to milk. **Cooperatives for fruits and vegetable** producers, oilseeds cultivators, small-scale salt makers and tree growers were started at the initiative of the NDDB.

LAND REFORMS: AN OVERVIEW

India witnessed the unique phenomenon of wide ranging land reforms being implemented within a **modern democratic structure without any violence** or use of authoritarian force. There was **no forced collectivization** as in the Soviet Union or forcible expropriation of land and pushing of peasants into communes as in China, processes that had **cost millions of lives**. Independent India successfully transformed the colonial agricultural structure which it had inherited. **Large, semi-feudal, rapacious landlords** rack-renting the peasantry as well as extracting illegal cesses in cash, kind or labour (beggar) had by and large become a thing of the past. **State demand from the peasant**, the other major burden on the agriculturist, also gradually virtually disappeared.

The **stranglehold of the moneylender** over the peasantry was also considerably weakened with the growing availability of cooperative and institutional

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credit. Large numbers of zamindars and jagirdars who were formerly absentee landlords now took to **modern capitalist farming** in the lands that they could retain for personal cultivation. Similarly, the **tenants and sharecroppers** who either got ownership rights or security of tenure were now prepared to make far **greater investment and improvements in their lands**. The landless, who received ceiling-surplus or Bhoodan lands or previously unoccupied government **land distributed in anti-poverty programmes**, were ready to put in their best into lands which they could now, typically for the first time, call their own.

However, the **problem of the landless or the near landless**, constituting nearly half the agricultural population has persisted. The high rate of **population growth** and the inability of the industrialization process to absorb a greater proportion of the agricultural population have made it difficult to deal with this situation. The effort at **cooperative joint farming failed** as one way of solving the problems of rural poverty, inequity and landlessness. Yet, independent India did succeed in essentially **rooting out feudal elements** from Indian agriculture and put the colonial agrarian structure that it inherited on the path of progressive, owner cultivator-based capitalist agricultural development; a development the benefits of which trickled down to the poorer sections of the peasantry and to some extent even to agricultural labourers.

GREEN REVOLUTION

India had been facing **food shortages** since the mid-1950s and in the mid-1960s. Agricultural growth had begun to stagnate in the early 1960s. The massive jump in population growth rates after independence, to about 2.2 per cent annum from about 1 per cent in the previous half century, the slow but steady rise in per capita income, and the huge outlay towards planned industrialization, put **long-term pressures on Indian agriculture**. The controversial agreements made by India to import food from the US under the **PL-480 scheme** started in 1956. Given this scenario, **economic self-reliance** and particularly **food self-sufficiency** became the top priority.

Critical inputs like high-yield variety (HYV) seeds, chemical fertilizers and pesticides, agricultural machinery including tractors, pump-sets, etc., soil-testing facilities, agricultural education programmes and institutional credit were concentrated on areas which had **assured irrigation** and other **natural and institutional advantages**. Some **32 million acres of land**, about 10 per cent of the total cultivated area, was, thus, initially chosen for receiving the package programme benefits on top priority. The **Agricultural Prices Commission** was set up and efforts were made to see that the farmer was **assured a market** at sustained remunerative prices. Between 1967-68 and 1970-71 **foodgrain production rose by 35%**. By 1980s, not only was India self-sufficient in food with **buffer food stocks** of over 30 million tonnes, but it was even **exporting food** to pay back earlier loans or as loans to food –deficit countries.

However, doubts about the **New Agricultural Strategy** began to be expressed from the very early stages of its implementation. One persistent argument had been early stages of its implementation. One persistent argument had been that by concentrating resources on the regions that already had certain advantages the Green Revolution strategy was further accentuating **regional inequality**. Clearly, the solution to such fears lay in **spreading the Green Revolution** further and not opposing it per

se. In the first phase of the Green Revolution, there was a sharp increase in yield in wheat in the **north-western region** of Punjab, Haryana and western Uttar Pradesh. In the second phase, 1970-73 to 1980-83, with the extension of HYV seed technology from wheat to rice, the Green Revolution spread to other parts of the country, notably **eastern Uttar Pradesh, Andhra Pradesh, Karnataka and Tamil Nadu**. In third phase of the Green Revolution, 1980-83 to 1992-95, the Green Revolution now spread to the erstwhile low-growth areas of the **eastern region of West Bengal, Bihar, Assam and Orissa**, with West Bengal achieving an unprecedented growth.

A considerable opinion emerged that the Green Revolution was leading to **class polarization** in the countryside. It was argued that **rich peasants and capitalist farmers** were getting strengthened partly at the expense of the small peasants, tenants, etc., who, unable to access the modern inputs, were being pushed into the rank of the landless. Further, the **mechanization of agriculture** was displacing labour, leading to increasing unemployment and a fall in wages of agricultural labour. The Green Revolution, far from pushing the small farmer into the ranks of the landless, actually **enabled him to survive**. With the **adoption of the new technology**, improved seeds and other agricultural inputs, the small farmer became relatively more viable and did not have to sell out to the large farmer in distress.

Tenants and sharecroppers, who did not have security of tenure, were perhaps the **only losers**. These sections came under **pressure as rents and land values rose rapidly** in areas where the Green Revolution spread. Fears of the Green Revolution leading to **increasing rural unemployment** because of labour-displacing mechanization proved to be baseless. With the spread of the new technology **the demand for casual labour** has increased and so have wages and the landless labourer is somewhat better off than in the past. In Punjab, for example, the number of agricultural labourers is said to have trebled between 1961 and 1981, while the number of landless agricultural households declined.

Apart from the growth in agricultural employment, it has generated **non-agricultural rural and semi-urban employment**, through the development of agro-industries, rapid increase in trade and warehousing of agricultural produce and agricultural inputs like fertilizers and pesticides. The surplus stocks of foodgrain that became available as a result of the agricultural breakthrough made it possible to launch **employment-generating poverty alleviation programmes** on a considerable scale, particularly in the agriculturally backward areas. From about 20 million person-days of employment generated in the mid-1960s, the **employment generated under such programmes** in the country amounted to 850 million person-days in 1988-89.

The Green Revolution did, however, contribute to an **increase in inequality in the countryside**. But the **poor too benefited in absolute terms** though their well-to-do neighbours did far better relatively. **Real wages** of agricultural labour consistently rose in areas where the Green Revolution spread. Increase in wages in the high-growth areas, such as Punjab, would have been much sharper but for the migration of labour from low-wage the migrant labourers beneficiaries of considerably higher wages, the wage levels in the areas they came from also tended to rise.

CIVIL DISOBEDIENCE MOVEMENT

Questions Asked

Why did Gandhi launch the Salt Satyagraha in 1930 and with what results?

In what way did the CDM affect the different provinces of India? How did it foster peasant movement in India? (250 words)

Why did Mahatma Gandhi launch CDM? Analyse the intensity of movement in different parts of India? (150 words)

Analyze Mahatma Gandhi's main demands presented to Irwin. How did salt emerge as the central issue for launching the Satyagraha?

We must be able to answer:-

- Gandhiji's main demands to Irwin – Analyze
- Why CDM
- How salt became central issue
- Its effect in different provinces
- How peasants movement was a result of CDM
- What results of CDM

WHY CDM

British heralded a new era of –Modern India, the India which saw the process of geographical unification, nation building and genesis of political consciousness among masses. This mass consciousness manifested itself in the form of a spontaneous, organized and non-violent Civil Disobedience Movement.

The idea of Civil Disobedience was always there in the mind of Gandhiji, the 1929 Lahore Resolution of Poorna Swaraj, "**full and total independence**" provided the immediate spark. The background was prepared by:

1. **1919 reforms** were the shortest lasting reforms and had failed to bring any significant change for the Indians.
2. Failure of **Simon Commission** to fulfill demand of Dominion status of INC. Racial discrimination in the Simon Commission as no Indian Representative was taken.
3. **Swarajists** proved that there were no real powers delegated to them. The 1919 reforms were a retrograde step of the government.
4. December **1928 Calcutta Congress** – demand by younger nationalists like Pt. Nehru and S.C. Bose to adopt **Poorna Swaraj** as goal of national movement.
5. Gandhiji traveled extensively the villages during 1929 to prepare people for direct political action.
6. 1929 – CWC organized programme of **foreign cloth boycott** and its public burning.
7. Refusal of Lord Irwin to **Eleven Demands** of Mahatma Gandhi.
8. Spurt generated in the masses by revolutionary activities of **HSRA**.
9. The deteriorating **socio-economic condition of the masses** especially of the peasants and the great depression of early 1930s provided the spurt to the movement. Widespread unemployment infused anger among the Indian youth.

The spark was more because of the **rise of left and induction of new blood in the Congress** during this period. This differentiated CDM from all earlier movements.

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GANDHIJI'S DEMANDS

Mahatma Gandhi knew that any movement for liberation must necessarily be a mass movement and for a movement to be a mass movement, it must incorporate **grievances of all the sections** of society. Thus,

1. The most prominent demand, common to all sections especially the poor, was abolition of **salt tax and government's monopoly on salt**.
2. Reduction in **land tax** so as to reduce burden on Indian peasantry.
3. Reduction of **expenditure on army** and administration to stop the drain of wealth.
4. **Total prohibition**; for emancipation of women and children.
5. Release of **political prisoners** and
6. Protection and development of **Indian Industry** through reduced exchange rate, protection to textile industry and exclusive right of coastal shipping for Indians.

Gandhi's 11 point ultimatum to Irwin on **31 January** seemed to many a sad climb-down from the **Purna Swaraj resolution** since no demand was made for any change in the political structure, not even Dominion Status.

WHY SALT

"Salt March" is one of the finest examples of „the power of symbols“. It was not just a punch of salt but it represented the unity & integrity of Indian people against a common enemy. Gandhiji choose salt because:

1. Salt links itself with **Indian women**, for whose emancipation, salt was the most important article.
2. Salt linked itself with the **ideal of Swaraj** with a universal grievance of rural poor.
3. Unlike in 'no-rent campaign', Salt excluded the **socially divisive implications** within the different sections of Indian society.
4. It offered **urban adherents**, an opportunity of symbolic identification with mass sufferings.

Finally, there is no other article like salt, outside water, by taxing which, government can reach starving millions, it was the **most inhuman poll tax**.

SPREAD & INTENSITY OF CDM – MOST INTENSE OF ALL MOVEMENTS

1. Salt disobedience: In **Tamil Nadu**, C. Raja Gopalachari led a march from Tiruchirapally to Vedaranniyam and in **Malabar**, K.Kelappan held a march from Calicut to Poyannur.
2. Darsana: Sarojini Naidu, Imam Sahib and Manilal raided **Dharsana Salt Works**, and were brutally lathi-charged.
3. **NWFP** - Khan Abdul Ghaffar Khan organized Pathans as **Khudai Khidmatgars** to lead a non-violent movement.
4. **Peshawar**: a Muslim Province, urban crowd and tribesmen joined agitation against arrest of Congressmen. **Garwal Rifles** refused to fire on the crowd.
5. **Chittagong**: Surya Sen revolted and established a provisional government.
6. Maharashtra, Karnataka and Central Provinces: against the **forest laws**.
7. Sholapur: **War Council** set up and National Flag was hoisted in the town.
8. Assam: agitation against **„Cunningham Circular“**.

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9. **Manipur and Nagaland:** Movement under 13 year old **Rani Ganidinliu**.
10. **Peasant's Movements:** In U.P, Bihar, Bengal and Gujarat.

In sharp contrast to what had happened **after Chauri Chaura**, Gandhi made no move to call off the movement despite the violent incidents at Chittagong, Peshawar and Sholapur.

PEASANT'S MOVEMENTS

During 1901 to 1939, the agriculture production per head fell by 14%, while the per capita production of foodgrains by 24%. **Growing taxation in a stagnant economy invariably carries with it the penalty of popular revolt.** This was manifested during CDM in the states of Bihar, Bengal, UP and Gujarat. The great depression of early 1930s added fuel to the fire.

1. United Provinces: Non-revenue campaign by Zamindars against paying revenue to the government and a No-Rent Campaign by tenants against Zamindars.
2. UP Kisan Sabha under Swami Shahjananda and Bihar Kisan Sabha nucleus for All India Kisan activities were formed.
3. Bihar: Anti-Chowkidara tax campaign.
4. Bengal: Anti-Chowkidara tax and anti union board tax campaigns.
5. Gujarat: No-tax movement was organized for refusal to pay land revenue.

OUTCOME

Dandi March was a pilgrim's progress. It rejuvenated the Indian Nationalism and eroded the British legitimacy to the core. CDM is considered as the war of positions, not a war of maneuver. It was the most-organized of all Gandhian movements.

1. **Women Participation:** Leading role in **picketing shops** selling foreign goods or liquor and government institutions, courted arrest. British observers wrote that if CDM hadn't accomplished anything else, it **contributed greatly to mass social emancipation of Indian women.** Civil Disobedience marked in fact a major step forward in the emancipation of Indian women.
2. **Muslims:** Though Muslim League called Muslims not to join the movement, still Muslim participation was overwhelming in NWFP, besides their participation in Dacca, Bihar, Delhi & other parts. They **belied government's policy of „divide & rule“.**
3. **Tribals:** Came forward in Peshawar, Nagaland, Central Provinces, Maharashtra and Karnataka. This was their **first such participation** in a national movement.
4. **Peasants:** First time **organized** themselves. Mainly in UP, Bihar, Bengal and Gujarat.
5. Besides, the students, **workers and traders** played an important role in the movement in different parts of the country.
6. Signs of **cracks in discipline of Army: Garhwali Soldiers** refused to fire on crowd even though it meant facing court martial. It shows **nationalism begun penetrating Indian army.**
7. **Gandhi-Irwin Pact** at one stroke enhanced the prestige of **Congress as the equal of government.**
8. **Second Round Table Conference** placed **India on equal footing with Britain.**
9. It further strengthened the principle of **Satyagraha.**

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Throughout the movement, Gandhiji urged people to be non-violent first because he didn't want to achieve Swaraj at the cost of sacred principle of Satyagraha, and secondly because **he was leading an unarmed struggle against an armed power and he knew who would win if violence were let loose.**

Muslim participation remained low throughout the Civil Disobedience years. Unlike Non-Cooperation, once again, Civil Disobedience did not coincide with any **major labour upsurge**. The lag in respect of labour and the urban intelligentsia was counter-balanced, however, by the massive response obtained from business groups and large sections of the peasantry. A social history of **Civil Disobedience** will have to be written largely in terms of the participation-varying between regions as well as over time –of these two basic social classes.

Organizationally, too, **the Congress now was much stronger in most parts** of the country than in 1921-22, when it had just taken the first step on the road towards becoming a mass party. This had, as we have already mentioned in passing, a somewhat contradictory impact. **Organizational discipline and strength** made movements on selected, specific issues much more effective, but also sometimes acted as a brake on elemental popular enthusiasm and radicalism.

The strength of Civil Disobedience **in its first phase was vividly reflected in the firm stand taken by the national leadership** at the abortive Yeravda jail negotiations, attempted by Sapru and Jayakar as mediators in July-August 1930. In Maharashtra, C.P., as well as Karnatak (which had been another area more or less untouched by Non-Cooperation), **forest Satyagraha** speedily became the most widespread and militant form of Civil Disobedience.

Intelligentsia participation from the beginning was less and urban trader enthusiasm proved shortlived. Another contrast with Non-Cooperation lay in the virtual absence of large-scale Muslim participation. This further **weakened the movement** in the towns (Muslims in U.P. were 37% of the urban population, though they numbered only 14.5% in the province as a whole), while the Congress seems to have deliberately avoided Muslim-dominated pockets in the countryside when selecting centres for active Civil Disobedience.

The contrast with **Non-Cooperation was double-edged**, however, for Civil Disobedience in many areas in U.P. did become much more of a villagers' campaign, and Congress organization now was definitely more widespread, elaborate and disciplined.

CONCLUSION

Though **Subhas. C. Bose and Vithalbhai Patel** had declared that —the Mahatma as a political leader has failed, CDM succeeded in further politicizing the people, and in further deepening the social roots of freedom struggle. **Indians had won independence in their hearts. It accomplished in weeks, what three-quarters of a century of social reform movements had failed to do for emancipation of Indian women.**

PLATE TECTONICS THEORY (PTT)

Plate tectonics is a relatively new theory that has revolutionized the way geologists think about the Earth. **According to the theory, the surface of the Earth is broken into large plates.** The size and position of these plates change over time. The edges of these plates, where they move against each other, are sites of intense geologic activity, such as earthquakes, volcanoes, and mountain building. It **provides a framework** from which most other geological processes can be viewed.

The hypothesis of Plate Tectonics Theory emerges from the fact that the outer, rigid lithosphere of earth consists of several individual segments called **Plates**. These plates **vary in thickness** from 80-100 km in oceans to > 100 km in continents. At places these may be as thick as 400 km.

PLATES AND THEIR MOTION

- Total **12** plates in no.:
 - 6 of enormous size called **-Great Plates**
 - 6 of comparatively smaller size
- Great Plates include:-
 1. **Pacific Plate**: Almost entirely oceanic plus small portion of California. Converging in North and West. Movement: NW
 2. **American Plate**: continental N & S America plus oceanic west of mid Atlantic Ridge. For most of western edge, it is converging
 3. **Eurasian Plate**: largely continental plus fringed on east and north by oceanic. Diverging on west and converging on east.
 4. **African Plate**: continental core plus oceanic periphery.
 5. **Austral Indian**: Mostly Oceanic plus Continental Aust. And peninsular India
 6. **Antarctic Plate**: Antarctica continent surrounded by oceanic lithosphere. Almost completely spreading all around.
- **Other plates**: Nazca, Cocos, Philippine, Arabian, Caribbean & Juan De Fuca plate. Juan De Fuca is diminishing in size & will disappear by subduction under American Plate.

The motion of these plates is related to the molten matter below the earth's surface. Below the lithosphere, **Asthenosphere** consists of a hotter and weaker zone. **Weak nature of rocks in Asthenosphere** facilitates motion of rigid outer shell. Further two places on same plate are not in motion relative to each other e.g. New Delhi and Chennai. However two places on different plates are in motion relative to each other e.g. distance between New Delhi and Beijing is reducing due to convergence.

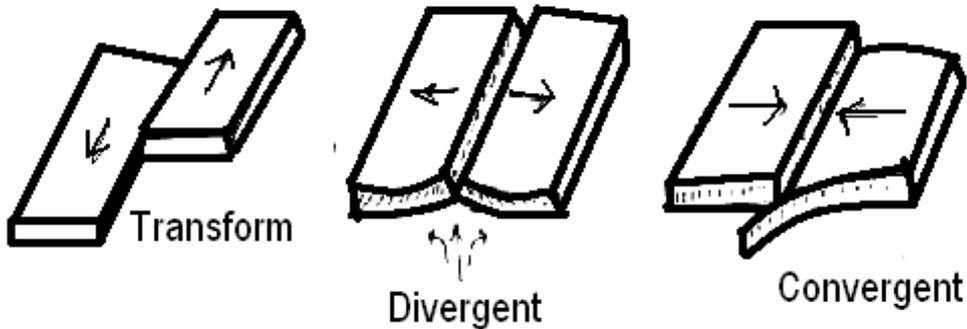
PLATE BOUNDARIES

There are 3 kinds of Plate boundaries:

1. **Divergent**: plates move apart here... create new sea floor (also called **Constructive** boundaries)

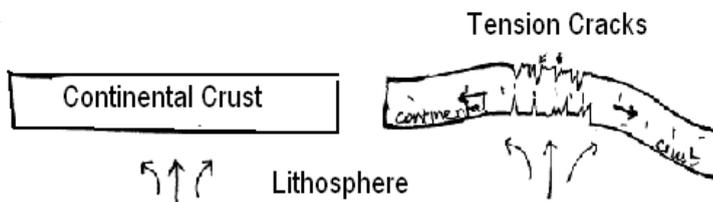
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2. **Convergent:** plates move towards each other ... one of the slabs of lithosphere descends beneath other...therefore one plate is consumed into mantle (also called **Destructive** boundaries)
3. **Transform:** plates slide past each other...no creation or destruction of lithosphere.

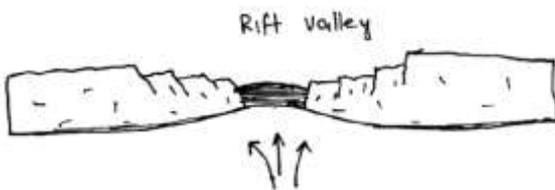


A. DIVERGENT BOUNDARY

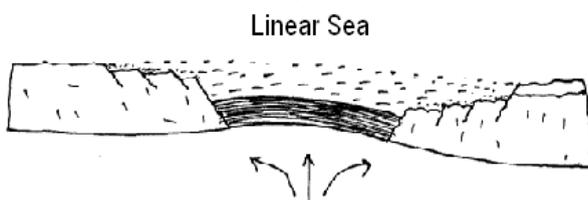
- Situated at the crests of **oceanic ridges** (oceanic ridges are mountain like structures that exist beneath the oceans; these are the points where the plates basically diverge from each other) e.g. at mid-Atlantic Ridge
- As plates move away from ridge axis, fractures so created are immediately filled with **molten rock that oozes up from hot asthenosphere below**. Material cools to form new slivers of sea floor. Atlantic Ocean created 165 my ago by this process.
- When a spreading centre develops within a continent (that is **land area** and not oceanic area), **hot rising plume up-warps the crust** directly above it leading to **crustal stretching** & ultimately **tensional cracks**



- As the plates move away, the broken slabs are displaced downward creating down faulted valleys called **Rifts**. **East African rift valley** represents this stage.

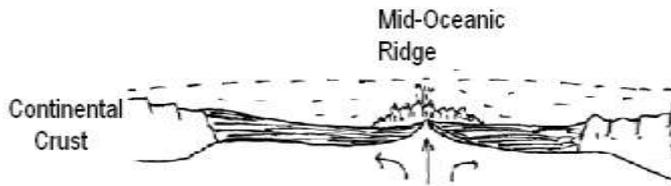


- As spreading continues, rift valley lengthens and deepens to become a **narrow linear sea**, extending out into the ocean e.g. **Red Sea**, Gulf of California

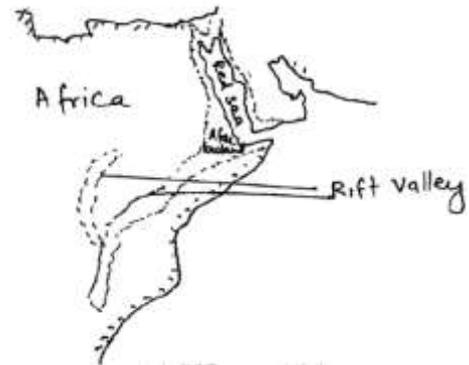


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- The igneous activity continues, generating new sea floor, resulting into an ever **expanding ocean basin**. The site of upwelling takes shape of mid oceanic ridge



- African rift valley and Red sea exemplify best the whole phenomenon

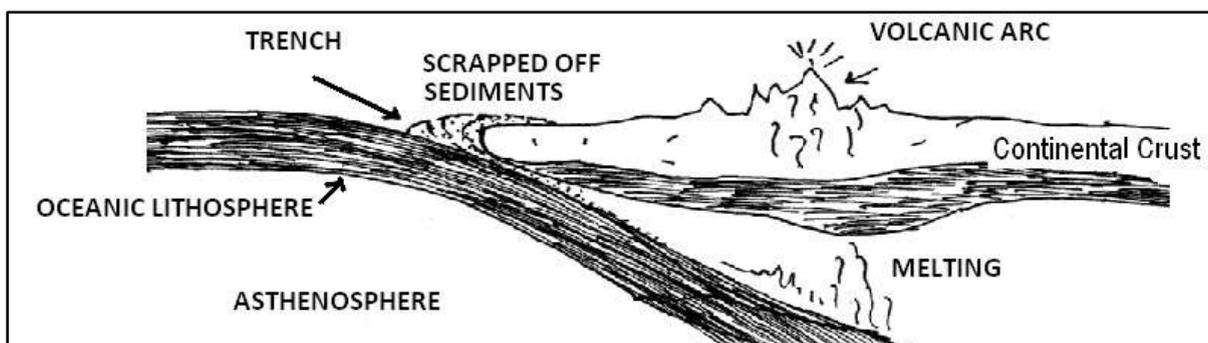


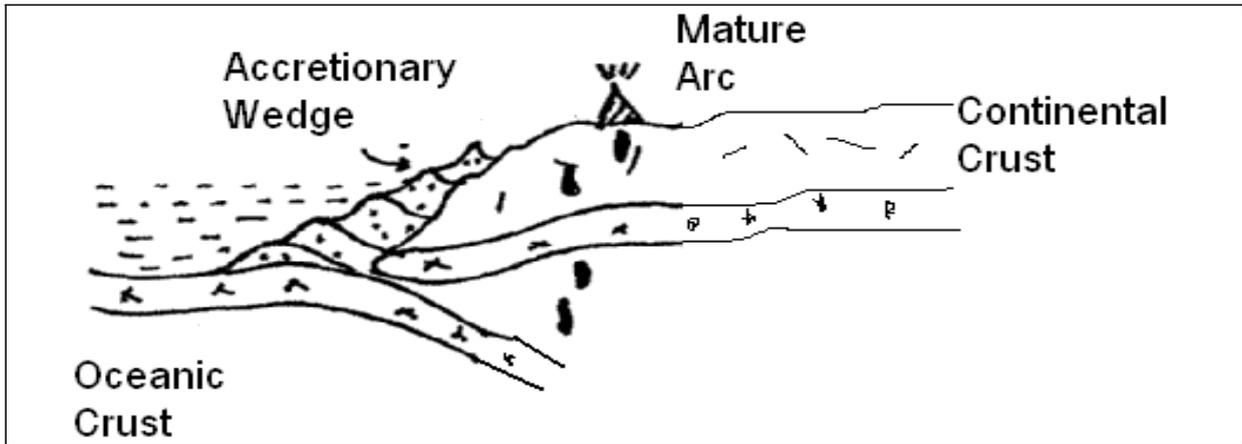
B. CONVERGENT BOUNDARIES

- These are the points where the **two plates merge into each other**.
- Site where **lithosphere reabsorbed** into mantle.
- Region where an **oceanic plate descends into asthenosphere**. Also called a subduction zone because of convergence. A **deep ocean trench** (8-11 km deep) is formed near subduction zone.

Oceanic – Continental Convergence

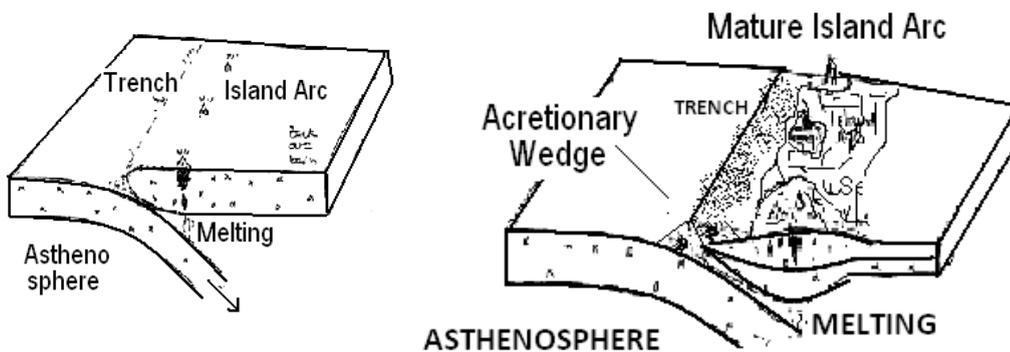
- **Oceanic crust bends and descends into asthenosphere.**
- Soft sediments on sinking plate are **scrapped off** by overriding continental plate and **deposit along continental margins**.
- At 100 km depth, **partial melting of water rich ocean crust** and overlying mantle takes place. In the process, less denser than mantle- granitic and andesitic magma is generated that buoys upwards. It cools and **crystallizes under continental crust**; some migrate to surface resulting into numerous and explosive volcanic eruptions. Volcanic portions of Andes resultant of Nazca plate under American plate.
- Volcanic arcs are created with such subduction. **Mountains like Andes** have many such parts. Cascade Range and Sierra Nevada in USA another examples.





Oceanic – Oceanic Convergence

- **Volcanic island arcs** form with subduction
- **Partial melting of subducting plate** and overlying mantle generates magma which moves upward and forms **igneous portion of developing arc system**. Aleutian, Mariana, Tonga are examples.
- Over extended time, **numerous episodes of volcanism** and buoyancy by intrusive igneous masses increase its size and elevation. This raises erosion rate and increased sedimentation added to adjacent sea floor and back arc basin.



- Piling up of sediments in front of overriding plate forms **accretionary wedge**. It is folded, faulted and metamorphosed by compressional stresses of converging plates; similar to igneous arc, it comes above sea level over a period of time. **Mature island Arc** with two roughly parallel orogenic belts created e.g. Japan, Philippines and Alaskan peninsula.

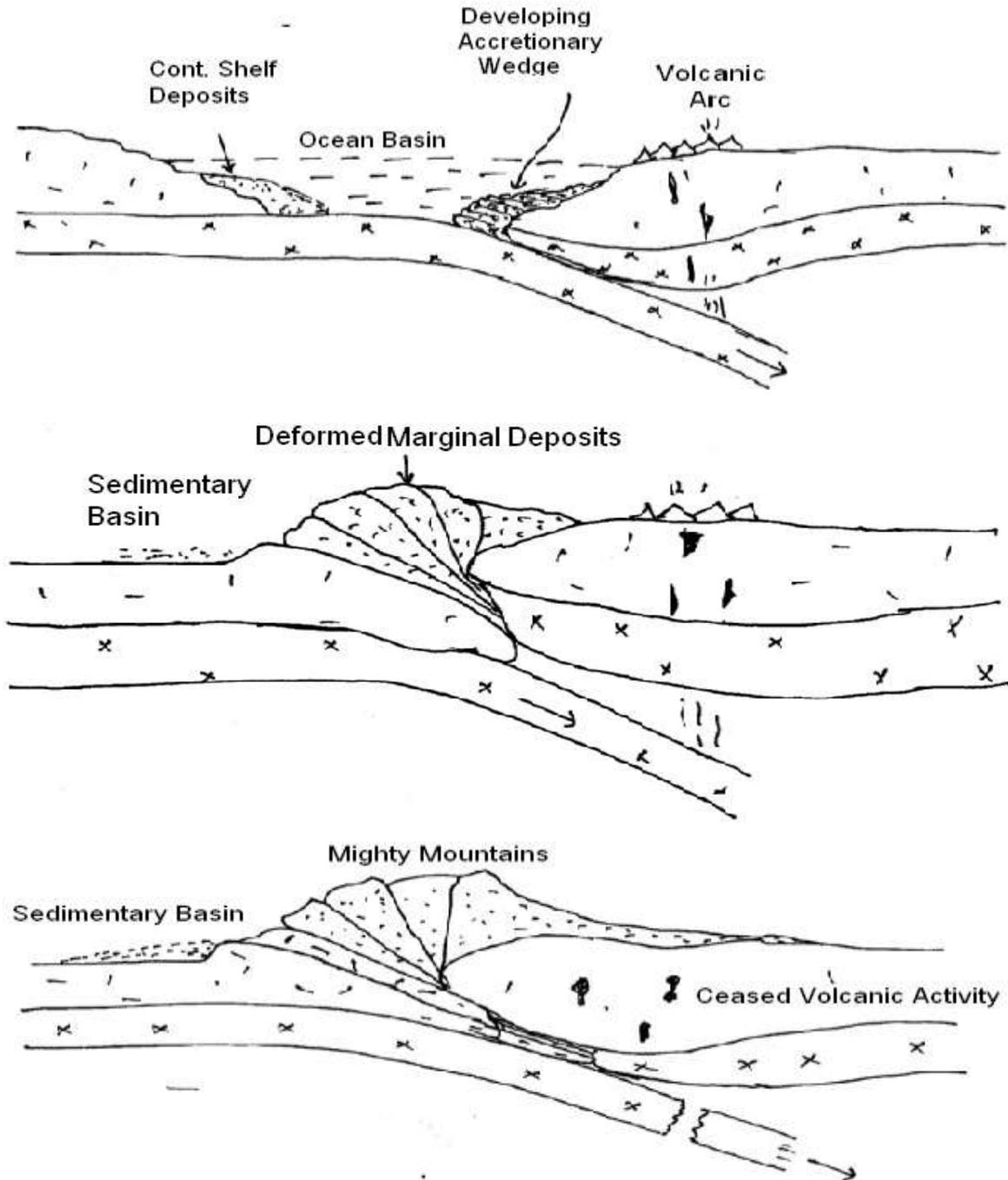
Continental – Continental Convergence

- **Neither of the two subducts** because of low density of rocks & their buoyant nature
- **continental crust is buckled, fractured and generally shortened**
- **Himalayas, Alps, Appalachians, Urals** are examples

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- Prior to collision, landmasses involved are separated by an ocean basin. Convergence leads to intervening sea floor subduct under one plate. **Partial melting** of subducting plate and mantle results in volcanic arc.

Erosion of newly formed arc discharges large quantities of sediments to already sediment laden continental margins. When continental plates collide, squeezing, folding and deforming of sediments takes place. **New mountain range** with deformed sedimentary rocks and fragments of volcanic arc are thus formed. Descending oceanic plate breaks and moves downwards.



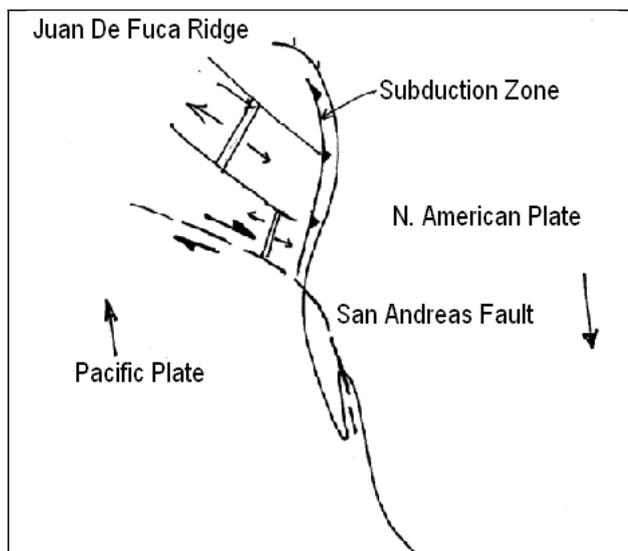
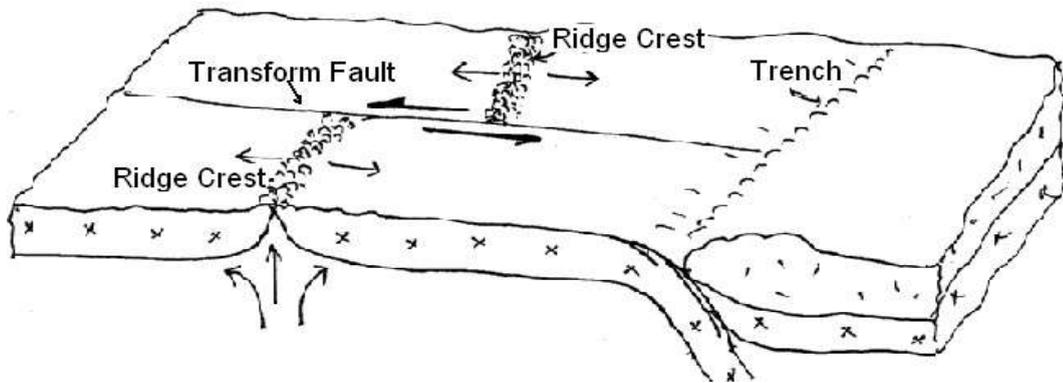
Himalayas formed in this way **45 my ago**. India once part of Antarctica splitted and moved northward to collide with Asia. Himalayan mountains and Tibetan plateau were thus formed. **Sea sediments** elevated high above sea level. Spreading

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centre propelling India northward is still active. This is the reason for the on-going growth of Himalayas @ few cm/year. Evidence: severe earthquakes as north as China and Mongolia. **Urals** formed by collision of European plate with Asian plate. **Alps** formed by collision b/w Africa and Europe during closing of Tethys Sea.

C. TRANSFORM BOUNDARIES

- No production or destruction of crust
- Transform faults roughly parallel to the direction of plate mvmt.
- Transform faults **connect convergent and divergent boundaries**, thus enabling divergence occurring at a spreading centre be transformed into convergence at a subduction zone.
- Most transform faults: lie within ocean basins. Few cut continental crust also e.g. **California's San Andreas Fault** along which Pacific plate moving northwest past American plate. It may result into part of California and Baja Peninsula becomes an island off West Coast of USA.
- **Severe Earthquakes** are caused along these boundaries.



THE DRIVING MECHANISM OF THE PLATES

There are various models that propose the driving mechanism for the plates. However, none of them provides the complete explanation about the plates and

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associated features. Nevertheless, it is clear that the **unequal distribution of heat is the underlying driving force** for plate movement. Arthur Holmes provided one of the first models used to explain the movements of plates. He suggested that large **convection currents** drive plate motion. He says that, in the regions of oceanic ridges, warm and less dense material of the mantle rises. On reaching the bottom of the plates, it spreads laterally and drags the lithosphere along. Eventually, the material cools and begins to sink back into the mantle.

Another model says that as a newly formed **slab of oceanic crust** moves away from the ridge crest, it cools down gradually and becomes denser. Eventually, this cold oceanic slab denser than the asthenosphere begins to descend. When this occurs, the dense sinking slab pulls the trailing lithosphere along.

Another model suggests that relatively narrow, **hot plumes of rock (i.e. Hot Spots)** contribute to plate motion. These hot plumes are presumed to extend upward from the vicinity of the mantle-core boundary. Upon reaching the lithosphere, they spread laterally and facilitate the plate motion away from the zone of upwelling. A dozen or so hot spots have been identified along ridge systems where they may contribute to plate divergence.

In another version of the hot plume model, all upward convection is confined to a few large cylindrical structures. Embedded in these **large zones of upwelling** are most of the earth's hot spots. The downward limbs of these convection cells are the cold, dense subducting lithospheric plates.

Although there is still much to be learned about the mechanisms that cause plates to move, some facts are clear. The unequal distribution of heat in the earth generates some of thermal convection in the mantle which ultimately drives plate motion. Except for hot spots, upwelling beneath ridges appears to be a shallow feature, responding to the tearing of the lithosphere under the pull of the descending slabs. Furthermore, the descending lithospheric plates are active components of down-welling, and they serve to transport cold material into the mantle.

CONTINENTAL DRIFT THEORY (CDT)

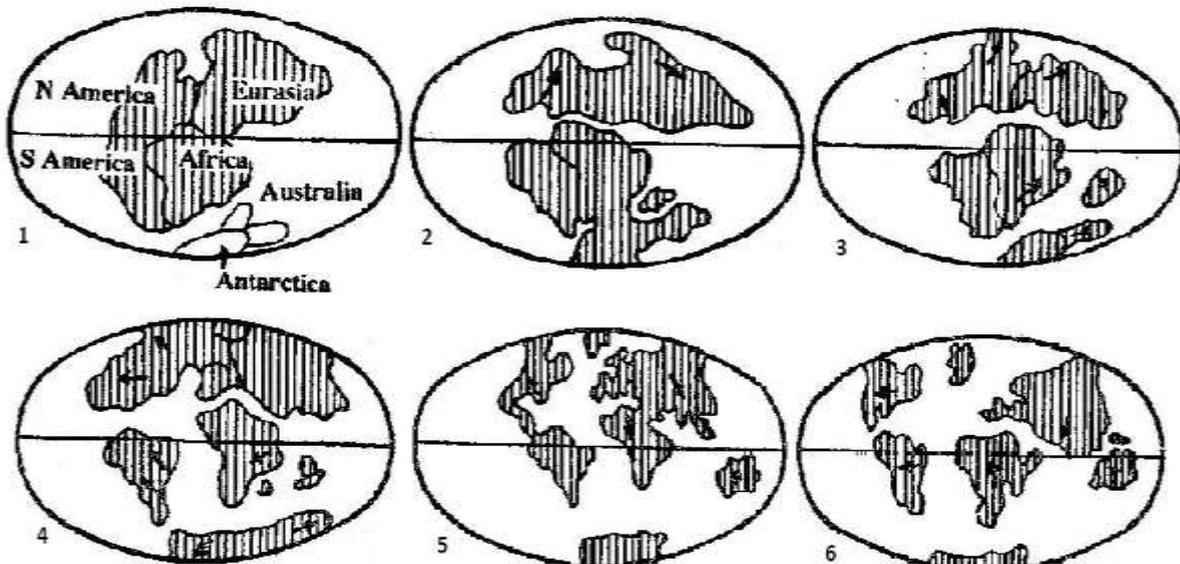
In May 2010, new species of frog were found in Western Ghats in India whose DNA demonstrates that its closest living relatives were of Seychelles in Africa. This discovery and many of its kinds are explained well by the theory of continental drift.

Continental Drift Theory of **Alfred Wegener** was a revolutionary idea in the field of geography. Despite the fact that many of his postulates were based on imaginations; these imaginations took us closer to reality, though many decades later.

WHAT IS HIS IDEA

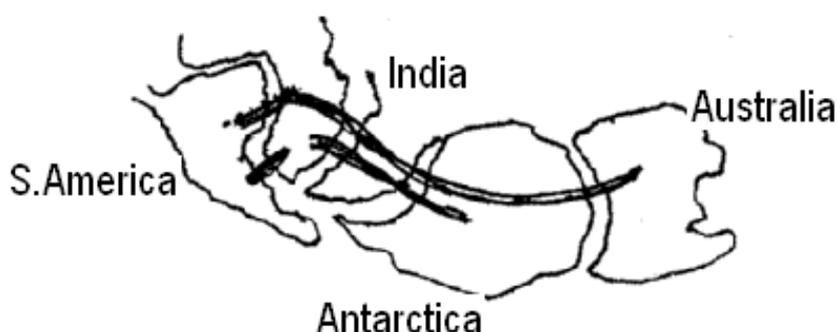
According to Wegener, around **300 my ago** (Carboniferous Period), all landmasses were united together in one super-continent landmass called **-Pangea** surrounded by one water body called **-Panthalasa**. Around **200 my ago** (Mesozoic Period), Pangea was disrupted into **-Laurasia** (N. America, Europe and Asia) in north and **-Gondwanaland** (S. America, Africa, India, Australia and Antarctica) in South, and started moving away. Intervening space filled up with water called **-Tethys Sea**.

Around **135 my ago**, Gondwanaland was disrupted and its constituents drifted apart. Also N. America broke away from Angaraland.



EVIDENCES IN SUPPORT OF CDT

1. **Fit of Continents:** Striking parallelism b/w opposing Coasts of Atlantic; India-Africa-Madagascar etc. A rough zig-saw fit pattern is revealed. He was criticized on the basis of the fact that **coastlines are dynamic** (function of Structure, Time and Process according to Davis). However, a **900 m isobath** shows a remarkable fit of continents with few overlaps at places of stream depositions. This proves that the continents were joined together earlier.
2. **Fossil evidence:** Identical fossils of Mesozoic Period (200my ago when Laurasia and Gondwanaland separated) were found on widely separated landmasses. Glossopteris found widely distributed. Mesosaurs fossils found in S. America and W. Africa. Marsupials in Australia and S. America.



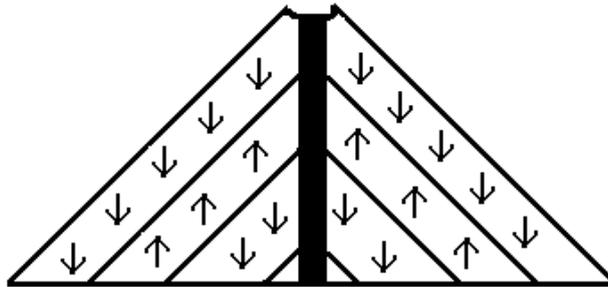
This explanation was however countered by **Land Bridge hypothesis** b/w these continents which say that there existed a land bridge between all these continents connecting them all and these animals could move freely from one continent to another. However, such a kind of bridge is highly unlikely. Another counter-argument to it was of **"parallel evolution"** of these animals on all continents. However even this seems impractical.

3. **Rock Type and Structural Similarities:** striking similarity found b/w rocks in N.W. Africa and E. Brazil. If joined together these form a **continuous line**. Similarly Appalachian chains continued in Greenland and N. Europe.
4. **Palaeo-climatic Evidences:** **Glacial till** in Tropical lands of Africa, India and Australia and that too at same stratigraphic position strongly point out towards the integrity of these landmasses. Further, **coal fields** in mid-latitude, USA, Europe and Siberia are explainable only if all the continents are joined together and taken to South Pole.
5. **Palaeo-magnetic Evidences:** Rock magnetism shows not only direction of poles but also the latitude in which a rock was formed. Palaeo-magnetic Curve for Europe reveals **North Pole wandered** from Hawaii through E. Siberia to its present position. For N. America, similar curve with 30° longitude difference has been identified. As average position of poles remained stationary, it proves that not the poles, but the continents wandered.

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6. **Sea Floor Spreading:** Discovery of SFS strengthened the idea of Palaeo-magnetism and provided a driving mechanism for the continents. Pangea broke away through this process. Zone of SFS extended through continents in North-South direction.



SECULARISM

Secularism is **not a mere protest or discontent with excesses of religious zeal**. Secularism is defined in the Encyclopedia Britannica as a branch of utilitarian ethics, designed for the physical, social and moral improvement of mankind, which neither affirms nor denies the theistic premises of religion. The process of secularization of practice and thought consists in the **withdrawal and separation of „religion“ from other spheres of „life and thought“**.

Secularism is a —process whereby religious thinking, practice and institutions lose their social significance. Therefore, Secularism means the inevitable **—desacrilisation“ of the World**. The world loses its sacred character as man and nature becomes the object of rational casual explanation in which the supernatural plays no part.

Secularism is the **principle of separation of government institutions, and the persons mandated to represent the State, from religious institutions and religious dignitaries**. In one sense, secularism may assert the right to be free from religious rule and teachings, and the **right to freedom from governmental imposition of religion** upon the people within a state that is neutral on matters of belief. In another sense, it refers to the view that **human activities and decisions, especially political ones, should be unbiased by religious influence**.

SECULARISM AND SECULARIZATION: A DEFINITION

„Secularism“ is a **value-loaded concept**, its values derive from, and must be contextualized in our understanding of the underlying social process and „secularism“ is a socio-political ideology. Actual „secularism“ can become a reality in our social institutions only in so far as these are **affected by „secularization“**. Therefore, secularism is a product of and in turn, strengthens the process of secularization.

It was the apparent **decline in traditional church-oriented religion** in recent times that heightened the process of secularization and brought it to its present culmination. Yet it is a process, whose roots can be traced to the very founding of the major religions and in fact, it stands in an ambiguous and dialectical relation to the very phenomena, it supposedly undermines. In this perspective, secularism is a Western concept to the extent that secularization is a process that is located in Western society.

The term „secularization“ is defined by **Bryan Wilson** as the **process in which different social institutions „become recognized as distinctive concerns operating with considerable autonomy**. It is also a process of decline in religious activities, beliefs, ways of thinking and institutions. This decline in **religious consciousness** is the result of the universal acceptance of pragmatic or scientific approach to secular issues. In another work, Wilson mentions three **features of a secular or secularized society**, i.e.

a) The prevalence of instrumental values,

- b) Rational procedures,
- c) Technological methods.

SECULARISM IN INDIA

Right from the beginning, Indian secularism **drew its strength from pluralism**. Secularism in the Indian tradition was **not the opposition of religion but was related to communalism**. While in Europe, being mono-religious, secularism was not the opposite of communalism as there was no struggle for domination between various religious communities. This is the crucial difference between the Western and Indian concepts of secularism.

The word 'secular' in political sense was used after the **formation of Indian National Congress in 1885**. The word secular in Indian political terminology came to be used in pluralist settings and not in a Western sense that indicated indifference to religion. It should also be noted that the European society was, for all practical purposes, a mono-religious society.

Thus secularism has a very different connotation in the Western context. It is essentially signified in a political authority totally independent of Church. The concept of secularism in India emerged **in the context of religious pluralism, as against religious authoritarianism in the West**. Secularism was emphasized by the Indian National Congress to allay the apprehension of religious minorities.

THE CONSTITUTION AND SECULARISM

Indian Constitution is a creative blend between state secularism and religiosity of the civil society. The Indian Constitution treats all citizens equal, irrespective of caste, creed, race, sex or religion.

Article 14 guarantees equality before law.

Article 15 says, 1) –The State shall not discriminate against any citizen on grounds only of **religion**, race, caste, sex, place or any of them.

Article 25-30 guarantees to minorities the right to establish their own educational institutions. These Articles from 25 to 30 are extremely significant as far as minority rights are concerned, the minorities could be religious or linguistic.

Though **our constitution is secular**, originally the word secularism did not occur in it. It was during emergency in 1976 that the words **"secular"** and **"socialist"** were added and **India was described** as –secular and socialist republic. But the words secularism or secular were not defined. Thus, we see the words secular and secularism remain undefined in the Indian Constitution. 'Secularism' in the Indian Constitution connotes that:

1. The state, by itself, **shall not espouse or establish or practice any religion**,
2. **Public revenues** will not be used to **promote any religion**.

The Constitution has undoubtedly **erected a „wall of separation“ between the State and religion**. While there are no doors opening from the side of religion in to the State, there are, however, several doors opening from the side of the

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State in to religion. If the interests of public order, morality and health so demand, the **right to profess, practice and propagate religion may be breached**; so also the right of a religious denomination to manage its own affairs in matters pertaining to religion.

The right to profess, practice and propagate religion may also be breached if the **enforcement of other fundamental rights** requires it or if the demands of the social welfare and reform require it. Thus the constitution contemplates and compels the supremacy of secular authority and secular interest over religious authority and religious interest.

We see, therefore, that **secularism under the Constitution is an attitude**, and a way of life, partly commanded and partly commended by the Constitution, embodying a system of values in which the **relation between fellow human beings and between the State and citizens** are freed from the bondage of the prejudices and loyalties of religion, race, caste, language and region and are ruled by a mutual concern for a life with dignity and culture for a society where **everyone is free and equal** and in which science and reason triumph over superstitious and blind belief and love of humanity over love of any particular section thereof.

The **concept of secularism** that emerged in India possessed three **substantial components**:

The state would **not attach itself to any one religion**, which would thereby establish as the state religion.

All citizens had the **freedom of religious belief**.

The state would ensure equality among religious groups by ensuring that one group was **not favoured at the expenses of another**. Correspondingly, the minorities were reassured that they would not be discriminated against in any way.

Therefore, in the first instance, **secularism was designed to regulate debilitating religious strife**, to assure the minorities of their safety and to set at rest any apprehension that the state would align itself with the dominant religion. In retrospect, it is not surprising that secularism proved to be attractive to Indian leadership. For one, **secularism had historically emerged** in the West as a formula to put an end to the religious wars that has devastated Europe in the sixteenth century.

In India, the **anti-colonial struggle** had provoked separate and potentially divisive communities to define themselves not only in opposition to colonialism but also in opposition to each other. This posed a distinct threat to the coherence of the new nation. The articulation of the principle of secularism, a **principle that was strictly outside the ideological formulation of these identities**, was designed to allow people to live together in civility. This is what contemporary critiques of secularism seem to forget.

For our country, the **attraction of secularism lay in the fact** that it was the **only prudent option for construction of a nation** out of the fragmented and polarized identities that had emerged and consolidated themselves during the colonial and the anti-colonial phase. In India, where two new nations had materialized out of a blood drenched partition, i.e. India and Pakistan, **the need was to forget** that people

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who shared the same historical consciousness, the same language and the same folklore for centuries had split over religion.

The need was to **integrate these divided people on new ideologies, new perspectives and new issues**. This issue could only be secularism that gave due recognition to religious identities and yet attempted to transcend them as far as the public sphere was concerned. The state **could not refuse to recognize the religious identities of its people**. That would have been bad politics and bad historical understanding. What it could do, was to stipulate that all religions were in principle equal.

SECULARISM (THE INDIAN CONTEXT)

If we were to look for a definition of secularism in the context of the wider world, then the most acceptable one would be: it is a principle, which advocates the separation of religion from politics, what in India we call as **dharma-nirapekshata**. The key term here is separation.

On the face of it, this seems a simple, uncomplicated principle. But on a closer examination, it will be seen that it is not. **Separation can mean many different things and can pose difficulties**, if we work with a single meaning. It can mean different things in different societies. The Indian case poses unique difficulties. Indian version of secularism depends, importantly, on how separation of religion from politics is understood.

UNDERSTANDING THE INDIAN NEED FOR AND DEBATES ABOUT SECULARISM

To understand these, let us start by asking: how best to understand the Indian need for **debates about secularism**. It is obvious that secularism as a concept, principle and a set of practices emerged first in a different historical context viz. in the West. It is only in the last 100 years, more so in the 50 years i.e. since the adoption of the Constitution in 1950, that **secularism has become a topic of debate in Indian society**. And in the last 15-20 years, it has also become a matter of serious disputes and contentions.

In the case of India, because she joined late in the history of development of modern ideas and their actualization, we have to understand that why do we need secularism? And, this question has become important because there is a section of people in India, both among intellectuals and political activists, who believe and argue that we can do without secularism.

Their argument goes like this: **our traditions are pluralistic and flexible** and can therefore, be a better **source of toleration**; it is a resource with us in our own history. Therefore, we do not require imposing secularism, an alien concept, on our society. While we all agree that our traditions are plural and flexible, we require to understand that the view that **secularism is unnecessary in India is deeply mistaken**, because these plural traditions cannot sustain democracy under the present circumstances.

WESTERN CONTEXT OF SECULARISM

It is important to go into the **origins of secularism or the western context**. This will give a picture of historical differences, which can then suggest a possible range of answers to the question that what the reason for need of secularism is. There are things or circumstances in the history of Europe, out of which two principles of understanding emerge in **relation to the idea of the secular**. Europe saw, throughout the middle ages and right up to the middle of the 17th century, a major struggle between the Roman Catholic Church and the states of the time (state as an institution) for supremacy.

This conflict for **supremacy between these two major institutions**, both, highly organized and powerful, has come to be known as the 'Church vs. the State' controversy. Then, from the middle of the 16th century with the rise of Protestantism (with Luther and Calvin preaching against the Pope of the Roman Catholics), there came about an intolerant debate between the **Roman Catholic Church** and the **Protestant sects**. This developed into a major war between the two in the early 17th century and was fought out for 30 long years, killing and maiming millions of people all over Europe. This was known as the '30 Years War' or the 'Sectarian War', which ended with the **Treaty of Westphalia**, where a *—Modus Vivandill* (an agreement by which parties of conflicting interest can get along) was arrived at between the two warring groups. This *Modus Vivandi* slowly, over time, grew into a principle of political order and got disseminated among the political class. Secularism came to be the principle, which enunciated separation between the State and the Church.

The other thing of importance was the transformation of religion into a personal matter, which then, went on to reinforce the separation principle. Within the **Protestant movement**, many churches were emerging, each with its own distinct doctrines and emphases. It came to be accepted that nobody ought to interfere about which church one chose to belong to. Belief was to be a matter of one's conscience, something personal and private to the individual. (As an aside, non-interference in matters of conscience thus became one of the foundations of the theory of rights, the other being the sanctity of property). **The principle of putting church/religion on one side and state/politics on the other**, together with the principle of conscience as a matter private to the individual person, became the basis of the rise of secularism as a doctrine. In other words, religion was to be kept out of public affairs and policy making, which were to be the exclusive domain of politics and the state.

It is obvious that **one cannot draw any direct lesson** from the western experience because India never had a church or a powerful organized state. **The Maurya or the Mughal empires** were episodic, that is, such a state was not a continuous presence. The idea of clash between the church and the state is therefore, alien to Indian Civilization. Our context and **historical heritage** are very different. So the need for, and the route of secularism, have to be also necessarily different. But the importance of the principle of conscience, in a different way though, could not be denied.

HISTORICAL SOCIOLOGY OF THE NEED FOR SECULARISM IN INDIA

Our secularism is primarily directed against two evils; first, the religious strife between different religious communities and its extreme forms like communal

violence and riots; and, secondly, the **danger of religious communities overwhelming the state**, each with its own view of —good life as valid for others, too. Both arose as a problem in the second half of the 19th century. Sometimes, these become disproportionately important and at other times, recede into insignificance. But in the last 20 years, there has been a worrying growth in both these trends, **threatening the very fabric of Indian society**. Why did this happen? The answer will give us the historical sociology of how the need arose for secularism in India. It is a story worth pursuing in some details. After India came under colonial rule, **two changes closely connected to each other**, took place in the Indian society. One pertained to the kind of structural changes that came about and the other to the way our social life was organized. Both had far reaching consequences.

STRUCTURAL CHANGES: MODERNIZATION AND ITS CONSEQUENCES

The first had to do with modernization- **bourgeois property, extensive trade, industry, urban life, capital accumulation, modern (non-religious) education**, etc. Colonial modernization was deeply exploitative, creating uneven divisions between regions and communities, but nevertheless, leading to the economic integration of the country, uniform administrative control and growing cultural harmonization through codification of customs and their applications across different parts. This had a few important consequences. It was **creating greater and greater similarity between India and the global structural conditions**. It also led to the process of individuation, that is, persons bound within communities slowly becoming individuals (as we have in the western societies).

These two developments together, then, became the basis of new mental capacities. To take one instance, **receptivity to ideas from anywhere in the world emerged**. We all are aware of how ideas of equality, rights, dignity of person were to others anywhere else in the world. It is shown in the development of printing, the growing importance and popularity of **newspapers, periodicals and books** in the life of our society.

Issues were raised and hotly debated. There was a **proliferation of discussion not only at the level of the elite, but at different popular levels**. Nobody then divided the ideas into those of foreign origin and those of Indian origin. They debated these ideas as new and of interest and relevance to the Indian society. It looked as if everybody is talking to everybody else in excitement.

As a result of this, secondly, very large number of persons, bound earlier within communities of ritual status or religious beliefs, were let loose from these prior bonds. This is how, what we call today —masses, were created; people of a new kind. Many implications flowed out of this. Masses were just not an undifferentiated pool of people. It **took various structural forms like the formation of new classes**, viz. the capitalist and the workers, modern landlords and the farmers and property less so on.

This has had a **lasting impact on the social fabric of life in India**. It is not that the old style, pre-modern communities like jatis or small religious groups did not survive but their internal form was deeply altered. These got differentiated in terms of income and skills, unlike earlier. Now **interests emerged within these communities**, which jostled with one another. Earlier, the communities lived side by

side without competition and enjoyed a great deal of local autonomy in how they lived. That local autonomy began to lose ground and today it is lost.

CHANGES IN THE ORGANIZATION OF SOCIAL LIFE

These also took place on a large scale - efforts at redrawing the community boundaries and efforts at unifying them to confront the perceived onslaught of the modern world and in the same process, to **gain benefits for the communities**. Resistance to modernity and bargaining for its advantages were and are, paradoxically, two sides of the same coin.

The outcome of both these changes: **society was no more the loosely held diversity, living, part unreflectively**, by itself. It now faced its alternative, the singular other and modernity. To handle this threat and to defend itself, many of the **numerous communities, each related to the larger traditions** in different ways also posed diverse notions of the social good. Not only did each of these notions of good competed with one another, but also the conception of good entailed in modernity and which was clouded by the colonial depredations.

The happy **coexistence of the numerous communities**, each living with minimal interactions, though with cordial understandings, could no more is taken for granted (as was in the earlier times). This was the source of enormous strain on the inherited capacities of people to handle **inter-personal, intra-community and inter-community relations**. This happened over and above the new competition generated by the establishment of colonial economy and administration along with the struggle for **share in power in the new social arrangement**, taking shape then. The situation required interlocutors for exchange of opinions and ideas and the adjudication of diverging interests and diverse notions of good between these very differently positioned worlds.

Successful mediation required either people placed outside the numerous communities or those, who could think beyond the limits of these communities, each of which was getting more and more unified as well as assertive. Old style dialogue, as used to take place between **adjacent communities enjoying local autonomy**, would no more do between people, now more and more distant from one another and demanding things from the world, which was unfamiliar to old type of transactions. All this was to sap the traditionally built-in resources including those of **tolerance and mutual perseverance**. Agreements or understanding reached by those, claiming to represent these differently positioned worlds, always proved to be fragile and non-lasting. In other words, dialogical deals through the **efforts of interlocutors have the character**, especially in situations of social transition, of being provisional.

This is a situation in which **old style dialogue between the adjacent communities** does not work and the interlocutors become unequal to the task required. Therefore, something other than all these communally based competing notions of good was required; a **value and a mechanism at the same time**, to intercede in the face of the competing notions of good as well as interests were also needed. Compulsions from within this situation triggered the need for what is now called the 'Secular Doctrine of Governance'.

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It was required over and above everything, **to seek a mode of doing things in the public life** in a way so that the competing, and often irreconcilable, conceptions of good do not vitiate every situation of public interactions among the people. Some way of being secular, a principle of **being outside of and at a distance** from these competing notions of good, was a need generated from within the alterations taking shape at the very many intersections of society. One can therefore, argue that the principle of secularism is an internally propelled emergence and thus becomes a presence, irrespective of our choice.

It is now clear that the **need for secularism arose** within and out of the changes in the internal social relations and constitutive features, which make up Indian society. If a need for a new principle or a value or a concept, whether it is secularism or rights or equality or whatever, arises within a society, then it should be obvious that the **concept or the principle is neither alien nor can it be looked at as an imposition**. In a world, becoming more and more similar due to the processes noted above, certain principles or values and the concepts through which these are expressed do tend to develop roots in **societies like ours**. This is because of their internal needs even if originating in the West.

APPROPRIATE VERSION OF SECULARISM FOR INDIA

Such being the case, India is not a settled society like France or Germany etc, India is in a transitional stage and therefore, the meaning of or what kind of secularism India shall get will also be dictated by the specific features of this stage. Here, the **social structures and beliefs and norms of the old society**, though still present, are rapidly changing or giving way to new features. Let us take two examples. In Indian marriage system, the **circle of endogamy** is fast expanding and slowly, in many instances, the element of choice is entering. People may no longer want to be governed entirely by old, religious customs or rituals. They may want protection for what they desire. To give another example, Indians do not want, any more, to be **ruled by the decisions** of their caste panchayats. Indians, instead, prefer to be ruled by the **elected panchayats**. People may not want to be overwhelmed by caste and ritual status, as can happen in the working of the old caste panchayats.

Keeping both these and such others in mind, it becomes clear that these are **situations where numerous new types of conflicts** and social demands emerge. What one wants to stress here is that all the situations of transitions are also the ones **where new conflicts** abound and these conflicts are between the old and the new or the confusions and uncertainties generated by these.

Old ways of doing things, or resolving conflicts based on customary notions, will not do as these became inadequate or irrelevant because these were **meant to handle small, recurring conflicts between local communities living adjacent to one another**. There is no easy application of these on scales as large as in modern politics. Such is the situation prevailing under conditions of transition. Now, given the **ever-changing character of conflicts**, it is never enough to have merely principles and mechanisms. What is needed is a creative working out of policies and initiatives to meet the ever-changing newness of the conflict situations between **religions and ethnic communities** and between dissenters from within these communities. The last may take up positions against their own communities.

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Secularism, under such conditions of shifting conflicting communal equations, requires **careful and flexible application**. It is no panacea in the sense that it cannot do without sensibly thought out social and economic policies or administrative measures. But there is no other substitute, as seen in the case of traditions and customs, principle to act in these situations. Therefore, it can be said that this is a difficult situation, but not that it **is an impossible principle** or that a secular society in India cannot be realized. Secularism takes a **zig-zag route** through the setbacks to its applications in India.

What should secularism mean for India? In other words, what is an appropriate version for India? This is important because in the West, secularism came to mean an **unambiguous separation of the church from the state**, implying thus, that religion should have nothing to do with politics. Within western recognized domains, they function independent of directions from the others. In America, this came to be known as the **-wall of separation**. This now is generally seen in the West as the universal model of secularism. This version of secularism is not an appropriate model for India, secularism in India means peaceful co-existence of all religions. The peaceful co-existing people of all religions need not shun their individual religions, but their religious rights must be balanced with some duties.

CIVILIZATION DIFFERENCES

In trying to understand the civilizational differences, the following things must be kept in mind. One, **no two cultural belts or civilizations** (more often formed in pre-modern times by different religions) are alike. Civilization in modern India is very different from what it is in the West or what it was, when secularism as a principle arose. There never was an organized **church in India or anything akin to it**. But there is more in India, which goes to make it unique, very different, **sui-generis**.

The **boundaries of religion in Hinduism**, or what made it socially recognizable as a distinct religion, have never been dogma or enjoined belief, even though some powerful beliefs are uniformly held, like **Karma or Moksha or Varna**. What made Hinduism recognizably distinct were a set of ritually prescribed practices, enjoined on members differentially in terms of **Varna or caste** and **Jatis rank**.

These practices were deeply embedded in social structures and marked out that particular social structure by their sheer presence. **Notions of purity and pollution, untouchability**, regulation of social distance between human beings in terms of caste, right to temple entry or drawl of water from wells and many others, like these are based on religious scriptures or so, it is believed. These were extensively practiced in India and have far **from disappeared in the present times**. The news are still frequent of torture being inflicted on people of lower castes for breaking these ritual rules or on women, who go out of bounds from the limits prescribed by the traditions.

The continuous influx of many civilizations through invaders and merchants kept changing the Indian traditions and practices. The multi-culture, multi-religious and multi-ethnic society was the result of these influxes. This diverse society made secularism indispensable for harmony and peace. The civilizational differences have made Indian secularism different from Western secularism.

WESTERN SEPARATION UNWORKABLE IN INDIA

Given these features, **“separation” as practiced in the West**, will simply not be feasible in India, it may well be impossible. In making democracy actual, every mode of institutional separation has to be informed by certain normative concerns, values that underlie that separation. India seeks to ensure equality between individuals and create conditions that **guarantee the dignity of person**. These are foremost among many others that our Constitution talks about.

The **exclusion of Dalits from temples** or village wells is qualitatively not of the same kind as that of Blacks in America from similar things. In case of India, it enjoyed a scriptural i.e. religious sanction. Such is not the case with the Blacks in America. If the American state legislates to outlaw such practices, it does not become a matter of **interference in religion**, whereas in India, when the state legislates to outlaw such practices of untouchability or enhance the status of women, many people believe and strongly so, that the state is interfering in the religious matters. Many reforms of the Hindu laws have been viewed in this manner.

Many of these practices are **in conflict with the normative requirement** of the Indian Constitution that every Indian irrespective of caste or creed or gender be treated as equal and **ensure dignity to all persons**. This aim, cannot be ensured and/or realized without legislating making a practice, viewed as part of religion, as illegal. The —wall of separation between the state and the church or politics and religion, as in the American Constitution, is out of contention. It simply will not work in the case of India. Many people find secularism impossible for India because they, along with **Donald Smith, the first important commentator** on Indian secularism work implicitly with such a conception of secularism.

SEPARATION PRINCIPLE: REWORKING REQUIRED IN THE INDIAN CONTEXT

If it is now possible to **concede that some intervention**, strictly regulated according to neutral principles is necessary, and then it is said that separation as a basis of secular state in **India has to be a reworked version** of the western principle. Implanting western notions uncritically will not do. Different conditions, with their specific difficulties, demand creative application of secularism. **Blind adherence to the western principles** or the simple rejection of the tested models and practices is not the answer.

It has to guarantee that the many values of the Constitution, which are cherished by all, **have to be actualized in our social** life. Secondly, democracy requires that all become citizens, because, without citizenship, democracy is not realizable. Therefore, interventions in religious matters are required. But, from the other side, some form of a secular ideal is required. **Citizenship calls for, at its minimum, two conditions**; viz. people with guaranteed or entrenched rights and that persons be defined independently of religious values of any particular community. The ideas of treating the worth of the individual independently of religion is a **secular ideal** and of utmost importance in the Indian context.

Any other consideration in treating the worth of the individual other than being human is offensive to democracy. It may be true that many of us derive a lot of

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meaning from our religions since that makes for a —goodll life. **Secularism is a dry principle**; it is not meant for higher meanings. As a dry principle, it is meant to voter see that conflicts between these higher meanings and beliefs do not become matters of public contention and that they are kept out of political life and policy making at any level of state action.

In the Indian situation, **politics and religion should be like strangers** come face to face and not like in America, where they are barred from seeing each other by a —wallll that stands between them. Strangers, by the logic of their encounter, come to deal with each other like equals, or nearly so. But as they remain strangers, they do not become intimate. Secularism in **India demands the absence of intimacy** between the two, since that happens in communal politics whether of Hindutva, represented by the **Sangh Parivar** or of the **Muslim League or the Akali Dal**. The larger and more widespread the religious group, the greater the danger it poses to the country's integrity. It is must to look at the danger of communal forces in India in this perspective, given to its citizens by Indian history of religious strife. The need for secularism is crucial for Indians to live **everyday life in a civil manner**, and everyday life is important.

REWORKED SOLUTION: PRINCIPLED DISTANCE

The discussion can be summed up by saying, in agreement with Rajeev Bhargava, that in the **Indian version of secularism**, the principle of separation has to be understood as one of principled distance between religion and politics. Here, distance in principle has to be seen as independence of politics from religion, but not necessarily vice-versa. This means that **state activity, political decision making and policy choices are free of the interference of religion**. But this does not mean that politics and state action will have nothing to do with the need of religious reforms. One way separation has to be guaranteed.

This allows for both intervention and abstention. Intervention has to be prudently decided on the basis of issues involved. To reiterate, at the end, all practices (or beliefs), even if sanctified by religion viz. **untouchability, caste discrimination, polygamy, exclusion of women from public life, etc.**, have to be outlawed immediately. These are blatantly offensive to the normative order of the Constitution, which is based on the consensus of values evolved through intense popular participation during the freedom struggle. Many, which are **mildly offensive**, the Dwijas only wearing the sacred thread, women not being allowed to plough the fields, etc, may be tolerated for some time to come and people can be persuaded to give these up.

The state here should be interventionist but in a neutral sense, neutral in the sense, that it takes the standpoint of the entire Indian humanity and **not the viewpoint of any one religion or community**. It should not be helping or giving any advantage to any religion. It should be simply carrying out the injunctions of the Constitution, which created it for precisely this purpose. **Its neutrality should be ensured** by a regime of Equality, Rights and Dignity in the same measure for all. Indian Constitution has created a truly secular state for our coexistence as citizens.

Secularism is **no doubt a principle of separation** of religion from state and politics; it is not just a pragmatic need. But separation has no single, simple meaning. It has to be given meaning and actualized in relation to the context and the

practices embedded in it. Each **context has different requirements** and these create their own compulsions, which cannot be ignored. The uncritical tendency to extract the history and meaning of secularism from the West and to **pose that as the only model applicable** to the rest of the world is unacceptable. It is clear from above discussion that secularism is not something any more alien to the Indian society, but has by **now become its internal need** and indispensable feature of Indian society.

CENTRE-STATE RELATIONS

Q: Examine the demand of greater state autonomy and also its impact on the smooth functioning of the Indian polity.

Indian Federal Structure is a pleasant admixture of unity of India on one part and states' autonomy on the other. Greater State autonomy is demanded in order to **deepen the –Democratic Consciousness** among people to achieve the twin ideals of SOCIAL JUSTICE & EQUALITY.

However, the centralized **Planning process, frequent use of Article 356, Governor's office has resulted** into the **overdependence of states on the centre in financial and other matters**. This has retarded the socialistic goals of development and further decentralization. It has also left certain local aspirations unmet.

The autonomy to states will improve the overall functioning of Indian polity by reinforcing the **spirit of Cooperative-Federalism**. However, as **Sarkaria Commission** has pointed out that there are **still 'Separatist Tendencies'**. This may harm the integrity of India. This view is also held by NCRWC.

Also it may **hinder the nationalistic viewpoint on various issues** especially the contentious issues **like inter-state river water dispute, trade freedom, parochial tendencies etc**. The Balancing of Resources between the More developed and developing states may be disturbed, thus **prohibiting –balanced regional development**. The Political implications of such a move may not be visualized presently.

Thus, the demand for Greater state autonomy can only be justified on the grounds that it does not go against the **'national interests'** and **'constitutional obligations'**. Also greater autonomy shouldn't mean a weak national government rather a non-dominating **'national government'**.

Future Indian Federalism shouldn't be based on division and separation but on **–Collaboration and Cooperation**. As a constitution is an instrument of national Cooperation, the spirit of constitution is as necessary as the instrument itself.

CONSTITUTIONAL PROVISIONS

The distribution of powers is an essential feature of federalism. A federal constitution establishes the **dual polity** with the Union at the centre and the States at the periphery, each endowed with the **sovereign powers** to be exercised in the field assigned to them respectively by the constitution. The one is **not subordinate** to the other in its own field; the authority of one is co-ordinate with the other. In the Indian federal set-up, the constitution divides powers between centre and states as:

1. Administrative
2. Legislative
3. Financial

ADMINISTRATIVE RELATIONS

The success and strength of a federal polity depends as much on **cooperation and coordination between the two levels** of government, as it does on a distribution of powers and functions between them. This is in particular, true and administrative relations in a federation. Coordination between Union and states is ensured through providing the Union **some means of control over states**.

During the **time of Emergency** Indian constitutional works like a unitary government. In normal times, there are constitutional provisions which ensure the control of the union over the states. **Some of the mechanisms are:-**

Power to appoint and dismiss the **Governor** (Articles 155-156), power to appoint **judges** of HC, members of **State PSC** (Articles 217, 317)

Article 256 provides that the executive power of the State shall be so exercised as to ensure **compliance with the laws** made by the Parliament and executive power of the Union shall also extend to the **giving** of such **directions** to a state as it may deem essential for the purpose.

Further **Article 257** provides that States must exercise their executive power in such a way so as not to impede or prejudice the exercise of the executive power of the union in the State.

The **powers of the union** government also extend to giving **directions to a State** in 2 specific matters:-

1. Construction and maintenance of **means of communication** which are declared to be of national or military importance.
2. Measures to be taken for the **protection of the Railway** within the States.

The constitution prescribes and **coercive sanction** for the **enforcement of its directions** through **Article 356**.

DELEGATION OF UNION FUNCTIONS TO THE STATES

Under **Article 258 (1)**, Parliament with the consent of the State government can **entrust** to it any matter falling within the executive powers of the Union.

Under **Article 258(2)** Parliament is empowered to **use State machinery** for the enforcement of Union Laws. For such purpose, it can confer powers or **impose duties** on State functionaries.

Therefore under clause (1) delegation of power is made with the consent of the state, whereas consent of the state is not necessary under clause (2), and such delegation is done by the Parliament by Law. This implies that **Parliament can interfere** in the State administration, **even without the consent** of the State.

State government has also the power to **delegate its functions to the Union** and its officers. Article 258 (A) provides that **Governor** of the State **with the consent of GoI**, entrust to the Government, such functions to which the executive power of State extends.

All India Services are common to both the Union and the States. The officers are these services are **appointed and regulated** by the **Centre** and are placed in various States.

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Article 261 provides that **full faith and credit** shall be given throughout the territory of India to public acts, records and judicial proceedings of the Union and every State.

Article 261 (3) declares that final judgment or orders delivered or passed by civil courts in any part of territory of India can be executed anywhere in the country.

Article 262: Adjudication of disputes relating to waters of **inter-state rivers or river valleys**. Article 262 (2) provides that Parliament may by Law provide that neither the SC nor any other court shall exercise jurisdiction in respect of any such dispute.

Under **Article 263**, President has power to establish **Inter-State Councils**. These Councils have duty of inquiring into and advising upon disputes which arises between the States. These councils also investigate and discuss the subjects of common interest between the Union and the States or between two or more states. The President has so far established **central council of Health**, a central council of **local self-government** and a **Transport Development** Council.

Grants in-aid (Article 275): Parliament has power to make such grants as it may deem necessary to give financial assistance to any State which is in need of such assistance (**Article 275**).

Parliament has power to constitute an **Inter-State Commerce Commission (Article 307)** and empower it to execute such functions as it may deem fit.

LEGISLATIVE RELATIONS

There are **2 types** of legislative relations between centre and states
with respect to Territory
with respect to Subject matters

w.r.t. TERRITORIAL POWERS

- × **Art 245 (1):** Parliament is competent to make laws for whole or any part of territory of India. Legislature of State may make laws for whole or any part of State.
- × Laws made by Parliament can have **extra-territorial effect** (outside of Indian Territory). Laws of Parliament also govern the Indian Subjects and their property in any part of the world. **Art 245 (2)**
- × For certain **UTs** like **Andaman & Nicobar, Lakshadweep** and **Dadra & Nagar Haveli**, regulations made by the **President** have the same force as the Acts of Parliament and such regulations may repeal or amend a law made by Parliament in relation to such territory.
- × The application of Acts of Parliament to any **scheduled Area** may be barred or modified by **notifications** made by the **Governor**.
- × **Governor of Assam** may direct that any other Act of Parliament shall not apply to an autonomous district or region. Similar powers have been vested with President regarding States of Meghalaya, Tripura and Mizoram.

w.r.t. LEGISLATIVE POWERS

- × In **distributing subject matters** between the Centre and States, our constitution makers followed **Canadian scheme**. However they added one more list to it,

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Concurrent List. (GoI Act 1935 had 3 fold enumeration: Federal, Provincial & Concurrent). 3 Lists are: Union List, State List and Concurrent List.

- * Subjects mentioned in the Union List are of **national importance** and only Parliament is competent to make laws on these subjects. For State List, only the States have exclusive power to make laws.
- * Concurrent List is a **-Twilight Zone**, where both the Union and the States are competent to make law, without any conflict. In case of a conflict between the Central law and the State law, the **Central law prevails** over the state law.
- * **Residuary Powers (Article 248):** Parliament has **exclusive** power to make laws on the subjects not enumerated in any of the 3 Lists (Entry 97 of Union List). Such powers include the power of making any law **imposing a tax** not mentioned in any of the 3 Lists. Whether a particular subject falls under the residuary power or not is **determined by courts**.
- * To determine whether a particular enactment falls under one Entry or the other, it is the **Pith and Substance** of such enactment and not its legislative level that is taken account of. Pith and Substance here **means the true object of the legislation** or statute, and the competence of Legislature which enacts it.
- * **Colorable Legislation:** The motives of the Legislature are, otherwise, irrelevant for determining whether it has transgressed the constitutional limits of the Legislative power. This principle is based on the maxim that **you cannot do indirectly what you cannot do directly**.

w.r.t. PARLIAMENT'S POWERS TO MAKE LAWS IN STATE LIST

- * Under **Art 249, in the national interest, Parliament** has the Power to make laws w.r.t. any matter included in the **state list**, for a temporary period, **if Rajya Sabha** passes a **resolution** supported by **2/3rd of the members** present and voting in that respect. This provision has been used thrice in 1950 (black marketing), 1951 (evacuee properties) and 1986.
- * Under the **Proclamation of Emergency, Article 250** empowers the Parliament to make laws for the whole or any part of the territory of India w.r.t. all matters in the **State list**. Such a law however shall cease to effect on the expiration of **6 months** after the proclamation of emergency has ceased to operate.
- * Under **Article 252**, if the **Legislatures of two or more States** pass a resolution to the effect that it is desirable to have a Law passed by Parliament on any **matters in State List common to these States**, Parliament can make Laws in that respect.
- * Under **Article 253**, Parliament has power to make any law for the whole or any part of the territory of India for implementing **treaties and international agreements** and conventions.
- * Under **Article 256**, Parliament is empowered to make laws w.r.t. all matters in the State list when there is **failure of constitutional machinery** of the State **under Article 356**.

FINANCIAL RELATIONS

These relations are related to distribution of taxes as well as non-tax revenue and power of borrowing. **Finance Commission (Article 280)** recommends to the President on the distribution of net proceeds of taxes between the centre and states. Constitution divides the taxing powers between the Centre & states in following way:

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Parliament has an exclusive power to levy the taxes enumerated in the Union List. There are **15** such taxes.

State Legislature has exclusive power to levy the taxes enumerated in the state list. There are **20** such taxes.

Both the Parliament and the state legislature can levy the taxes enumerated in the Concurrent List. There are **3** such taxes.

The **residuary power of taxation** (that is, the power to impose the taxes not enumerated in any of the three lists) is vested in the **Parliament**. Under this provision, the parliament has imposed gift tax, wealth tax and expenditure tax.

Parliament can provide for **grants-in-aid** to states by the Centre. Such sums are charged on the Consolidated Fund of India (Article 275).

The centre can make **public purpose grants to states** and to any institution within the states (Article 282).

The Centre can **grant loans to states** and also give guarantee in respect of loans raised by them (Article 293).

Parliament can impose **restrictions on Inter-state trade** and commerce in the public interest (Article 302).

The **accounts of the states** shall be kept in such form as prescribed by the president on the advice of the Comptroller and Auditor-General of India (Article 150).

PROBLEMS OF CENTRE-STATE RELATIONS

IN ADMINISTRATIVE RELATIONS

In Normal Times: Control exercised through the Governor

Centre-State tensions here have arisen in the **matter of appointment, transfer, removal and functioning of the Governor**. States have alleged political leaders/ **favourites of the party in power at the center** are appointed governors. Further, no consultation takes place with the C.M, **especially since 1967** e.g. Appointment of Nityanand Kanungo in Bihar became controversial. C.P.N. Singh was appointed Governor of Haryana in 1980 in spite of the C.Ms opposition.

G.D. Tapase was unceremoniously transferred from UP to Haryana. P.D. Patwa was dismissed by the President as Governor of Tamil Nadu in 1980. Fatima Beevi was forced to resign as Governor of Tamil Nadu in 2002, after she **failed to keep the center informed about arrests of two central ministers** by the state government and then when asked for a report by the center, followed the views of the state government in the matter, than exercise discretion.

1. The **functioning of the Governor too has attracted criticism of the states**. It mainly pertains to their **discretionary powers** e.g. making a report to the center calling for president's rule when none was warranted and **reserving bills** for consideration of the president (Art. 201) including when no reference was required. Other problems relate to **selecting a Chief Minister** which has been criticized as being guided by political considerations, dismissing a chief minister without giving him opportunity to prove his majority e.g. removal of N.T.R from Andhra Pradesh in 1984 by Ram Lal, giving inadequate time to prove majority

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- 2. Creation of new states** has in recent times created tensions e.g. Bihar assembly did not endorse creation of Jharkhand out of it in 2000, yet it was created. Further Bihar government alleges it has not been adequately compensated in the matter.
- 3. States** have alleged partisanship by center in resolving **inter-state river water dispute**. A bigger problem here is the river inter-linking project of the center.
- 4. States** are criticizing the center for **forcing them to accept reforms** e.g. in power and irrigation sectors, through financial inducements.
- 5. Law and Order management** – Deployment of central forces without request of the state. States are today refusing to accede to the central proposal for creating a central law enforcement agency to tackle federal crime.
- 6. In era of coalitions**, political ‘fact finding’ teams to opposition ruled states by the center has been resented.
- 7. Planning commission** has been accused to have encroached into executive authority of states.
- 8. Direction to State Governments:** Some state government see power of the Union to issue them directives under Article 256 and 257 as an irritant and as anti-federal and call for this deletion or drastic amendment. Some state governments have criticized Article 365 as having tyrannical potential and thus should be deleted.
- 9. Mutual delegation of functions:** States resist power of center under a parliamentary law, to **impose’ it functions on them**, without their consent (Art 258 (2)).
- 10. All-India services:** states regard them as a hang out of British administration. They dislike having officers at the helm of their officers who do not have full loyalty solely to them and over whom they do not have exclusive and full control.

During Emergencies: The main target of criticism here relates to Article 355 and Article 356

- In Article 355 states dispute Centers claim to the **right to deploy its forces** in a state without their consent.
- Taking over administrative (and/ or legislative) powers** of the state under Art 356 has been criticized by the states as anti federal both in regard to its frequency and manner of use.
- Imposition of national emergency under Art 352** on the ground of internal disturbance e.g. in June 1975 was criticized in the mid -70s. However, the provision has not been invoked ever since the safeguard incorporated by the 44th amendment as has ceased to evoke criticism.

IN LEGISLATIVE RELATIONS

- Some state govt. have suggested excluding from **Art 246**, phrases that give **supremacy to the Union Legislative power** over that of the states e.g. parliamentary law on a **concurrent item** must have concurrence of a state legislative
- Others have called for **revision & even abolition of Art 254** (repugnancy in concurrent sphere) e.g. parliamentary should have the power to override subsequently, a repugnant state law.
- States have objected to **residuary powers** being with the Union legislative and call for its transfer to the state or concurrent list. They base it on the US and Australian experience where states have residency powers.

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4. Some state govt. complain in practice union has indiscriminately used its legislative power under list II e.g. police in list II has been made subject to **deployment of armed forces** of or any other force controlled by the union.
5. Some states say scheme of **distribution of powers** is too much biased in favour of the Union. They say union should have jurisdiction over only defence, foreign affairs, currency and communication.
6. Some states have demanded **abolition of concurrent list** and transfer of all its item to the state list because: It is anti-federal and that the center has operated it unilaterally as a 2nd union list.
7. States say that **73rd and 74th Amendments** were an encroachment into the states sphere of legislation. The center however justifies it as firstly, states were not observing the spirit of Art. 40 and secondly, these amendments received consent of states, and thirdly, were only broad frameworks for states to legislate their own laws.
8. Some states have called for **deleting Art 249** under which parliament can legislative on a state item. They say **2/3 majority in Rajya Sabha** may not be a representative view of the states, and that the law can be extended indefinitely beyond the initial one year.
9. A few states say **prior consent of affected state** or states should be obtained before invoking **Art 3**.
10. Some state government say **Art 368** be amended to give greater say to state in **amendment** e.g. all general amendments should need satisfaction by atleast 50% of states; those putting to basic features of the constitution should need satisfaction by atleast 2/3 of states.
11. Through improper use of its power under **Article 201**, Union government tries to **dictate its policy to state legislatures**.

IN FINANCIAL RELATIONS

The basic problem here is state Financial resources allocated to them are **incommensurate to their developmental responsibilities**. This has made them **dependent on the Union** for financial resources and in turn has led to encroachment of the former into their sphere, and erosion of their own authority and initiative. Center on the other hand says its **own revenues** are mostly consumed by **rigid expenditure** e.g. defence and interest payments. States also do not manage their finances well.

- 1 The **divisible pool** has been artificially kept small.
- 2 States complain about raising **administered prices** e.g. of coal, unilaterally by the Union, instead of raising excise duties that would have been shareable.
- 3 States demand **more royalty to be paid** to them for minerals being extracted from their territory e.g. crude, natural gas, and coal.
- 4 Unilateral **raising of salary and D.A**, latest under the VI Pay Commission has burdened their revenues. Some states call for Union sharing this additional burden.
- 5 Apart from the problem of **vertical imbalances**, the constitutional remedy i.e. the **Finance Commission** has also been criticized e.g. it follows the **gap filling approach**, that encourages fiscal indiscipline; 'need' assessment is not rational, states are not consulted in its composition and terms of reference.
- 6 Financial transfer through the **planning commission** and direct transfers by Union Ministries have overshadowed the Finance Commission.

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- 7 With regard to **central assistance for disaster management**, states criticize the distinction made between droughts on the one hand and floods and cyclones on the other, the procedure to decide central assistance is time consuming and subjective.
- 8 State share in **market borrowing** vis-à-vis centre's has been low. Relatedly, States have **no control over the vast resources and policies** of banks and financial institutions.
- 9 **Borrowing powers of states** are unduly restricted by the constitution e.g. cannot borrow outside India, and need central approval if have an outstanding loan to center.
- 10 Complete **centralization of forex** has created difficulties for state especially as they are situated away from Delhi or Bombay

RECOMMENDATIONS OF SARKARIA COMMISSION

The central theme of the criticism leveled before the Commission against the working of Union-State legislative relations is '**over-centralization**'. The commission recommended:

FOR ADMINISTRATIVE RELATIONS

1. Sarkaria held the **office of the Governor** indispensable. He gave following recommendations to remove the criticism against the office:
 - a. Appointment should be in consultaion with state CM
 - b. Normally, full 5 years term should be allowed. However, removal or transfer, if necessary should also be consultation with the CM.
 - c. Suggested certain qualifications for the incumbent.
 - d. The President should decide a Bill reserved for his consideration within 3 months
 - e. Governor's report relating to Art. 356 should be a speaking document.
 - f. At least some days be given to a CM to prove his majority.
2. Meaningful **consultation to remove misgivings** is needed between the center and states before introducing IAS, river inter-linking, decentralised foodgrain procurement, protection of culture and ensure and disability management. States too need to be mindful of the national interest.
3. Sarkaria said **power to give directions is not anti-federal**. Article 256 & 257 embody the principle of executive supremacy of the union. In our polity, several union laws are to be administered by states, unlike in a dual polity like the USA. **Art 256** merely seeks to ensure states do actually carry them out, than leave it to their goodwill. **Article 257** aims at ensuring **harmonious exercise of their respective executive power** by the Union and States and vesting supremacy with the Union, in case of irreconcilable differences between the two on initial issue.
4. **Art. 258**, Sarkaria said, was a manifestation of **cooperative federalism**. Securing **enforcement of Union and state laws** through separate agencies could be expensive and conflict power. Thus, the Constitution opted to have Union laws enforced through state machinery.
5. Sarkaria did not feel **AIS** (All India Services) were irrelevant rather they are as much relevant today as earlier. No state should be allowed to opt out of them, and **more AIS should be created**.

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6. Sarkaria supported Union's legal ability to **deploy its armed forces** in a state without a request by latter, and take whatever other steps are necessary to suppress the disturbance in discharge of its duty under Art. 355.
7. Sarkaria **regarded Art 356 as a drastic power**. Depending on its proper use or not, it can be a safety mechanism for the system as well as **destroy the constitute equilibrium** between the Union and the states. To prevent the latter, it illustrated **proper/ improper grounds** for imposition of Art. 356. The power is to be used sparingly, as a **last resort**, after taking all possible steps to prevent (355) or rectify a breakdown of Constitution. Next a **specific warning** be issued to the state (this was done in the case of Tamil Nadu in 2001); only then may it be reported to.
8. To resolve problems, and to coordinate policy and action, **ISC (Inter-State Council)** should be used more effectively both by the Union, as also the states.

FOR LEGISLATIVE RELATIONS

1. Sarkaria said in any federal polity, laws of the **two levels of government**, in their own sphere, may be inconsistent. It is to tackle such a situation that **Art. 246 and 254 ensure federal supremacy**. It **avoids conflicts and harmonizes** union and state laws of parliamentary enactment on a concurrent of the states, union supremacy would be inverted into state supremacy. Federal legislative supremacy also exists in the US, Canada, Australia and West Germany.
2. Sarkaria said that **states have no inherent claim on residuary powers**. Residuary powers can also not be turned over to the concurrent sphere as they include power to impose a residuary tax, which if put in the concurrent sphere would lead to double taxation and federal friction. However, **non-tax residuary powers** may be transferred to the concurrent sphere.
3. Sarkaria said that **maintenance of public order by use of armed forces** of the union has always been within the exclusive legislative competence of the union. Both ARC and Sarkaria said that under Art 355, Union has the suo moto competence to use its armed police forces in aid of civil power. Thus it said, there is no curtailment of state's powers.
4. States called for a **constitutional requirement of consulting them before legislating in the concurrent field**. Sarkaria commission agreed that consultation with states is needed. **Art. 249** has the provision had built in safeguards against misuse e.g. approval of Rajya Sabha and that the resolution specifies the state item on which parliament can legislative.
5. Sarkaria noted that the **use of Article 3 till date** either had the consent of states or was based on views of a dedicated commission. Requiring state consent would make the Act unworkable and against intention of constitution framers. Art 3 should be retained, unchanged.
6. Regarding **Art 368**, Sarkaria did not accept the demand saying it would rigidize the process of amendment making the constitution out dated.

FOR FINANCIAL RELATIONS

1. Sarkaria commission called on the Union to **periodically revise duties** under Art 268 & 269.
2. Sarkaria said **taxation powers** should not be made concurrent.
3. **Incentivizing reform** is an aspect of cooperative federalism and also has an element of voluntary acceptance.

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4. Sarkaria commission called upon the **finance commission** to itself look into them. Finance Commission itself said consideration do not impair choice of approach. Sarkaria appreciated center's steps towards consulting states in finalizing terms of reference of the Finance Commission.
5. Both **planning commission** and Finance Commission have their roles. Further, plan transfers follows a **predetermined formula** approved by the NDC, and are not literally discretionary, their large size is a natural outcome of growth of development related growth needs of states, and other transfers canalized through the finance ministry are purpose specific and do not carry much repayment liability. Thus, the criticism about discretionary transfers is more theoretical.
6. As regards **borrowing powers of states**, Sarkaria recommended flexibility by distinguishing between short-terms (less than 1 year) and **medium and long-term loans**. Union should readily consent to states borrowing from banks for less than 1 year. As these loans are costlier than those from RBI and have to be individually negotiated, it will shore up fiscal discipline in states.
7. Sarkaria accepted center's position that **external assistance** received by it was channeled by it to states as part of its integrated resource management, than take a segmented now.
8. Sarkaria said **natural calamities** should be seen as a national problem, but states should still bear a significant share of total relief expenditure burden. Union should only supplement.

80th Amendment of **2000** and the **88th Amendment** of **2003** have introduced major changes in the centre-state financial relations. 80th Amendment was enacted to give effect to the recommendations of the **10th Finance Commission**. The commission recommended that out of the total income obtained from certain central taxes and duties, 29% should go to the states. This is known as the **Alternative Scheme of Devolution** and came into effect retrospectively from April 1, 1996. This amendment deleted article 272 (taxes levied and collected by the centre and may be distributed between the Centre and states). The 88th Amendment has **added a new Article 268-A**; dealing with **service tax**. It also added a new subject in the Union List-entry 92-C (taxes on services).

COORDINATION MECHANISMS

Following mechanisms are available:

1. **Inter-State council under Article 263.** In exercise of this Presidential power, some bodies as central council of Health and local self-government have been established. An ISC was created in 1990 too.
2. An **Inter-State commerce commission** may be created under Article 307 to ensure freedom of trade, commerce and inter course throughout the territory of India. It has not been set up so far.
3. Planning Commission and NDC
4. Annual conference under auspices of the Union e.g. of Chief Secretaries, DGPs
5. **National Integration Council** that goes beyond merely center and states and seeks to mobilize civil society too on natural problems.
6. Regional parties as coalition partners at the center.

INTER-STATE COUNCIL

On the issue of creating a forum for co-ordination of intergovernmental relations, constitutional experts are of the view that the Inter-State Council (ISC) needs to be **substantially strengthened and activised** as the key player in intergovernmental relations. It must **meet at least thrice a year** on an agenda evolved after proper consultation with States. If decision by **consensus** does not work in the Inter-State Council, it may be **taken by majority** in matters of national concern. In other areas, an Empowered Committee of ministers may be asked to study and report **within a prescribed time-frame** a more acceptable way of resolving the problem.

The ISC **must be empowered to follow up the implementation** of its decisions for which appropriate statutory provisions should be made. The Government will be well advised to evolve an **appropriate scheme to utilize the full potential of ISC** in harmonizing Centre-State relations which has become urgent in the changed circumstances. **Issues of governance** must as far as possible be sorted out through the political and administrative processes rather than pushed to long-drawn adjudication in Court. Inter-State Council appears to be the **most viable, promising Constitutional mechanism** to be developed for the purpose provided it is properly restructured and duly empowered.

The present status and function of the Inter-State Council set up through a Presidential Order in 1990 are as follows: **The Council is a recommendatory body.** The meetings of the Council are held in camera, and all questions, which come up for consideration of the Council in a meeting, are decided by consensus, and the decision of the Chairman as to the consensus is final. The **following duties have been assigned** to the ISC:

1. **Investigating and discussing such subjects**, in which some or all of the States or the Union and one or more of the States have a **common interest**, as may be brought up before it;
2. **Making recommendations** upon any such subject and in particular recommendations for the better coordination of policy and action with respect to that subject; and
3. **Deliberating upon such other matters of general interest** to the States as may be referred by the Chairman to the Council.

The Council **has not been assigned the function** envisaged in clause (a) of Article 263 of the Constitution namely, **inquiring into and advising upon disputes**, which may have arisen between States as recommended by the Sarkaria Commission. Very recently (2008) the Administrative Reforms Commission recommended that the **conflict resolution role** envisaged for the ISC under **Art. 263 (a)** of the Constitution should be effectively utilized to find solutions to disputes among States or between all or some of the States and the Union. It further added that the **composition of ISC (of which there can be more than one) may be flexible** to suit the exigencies of the matter referred to it under Article 263.

The Supreme Court even suggested an adjudicating role to the Council in certain types of disputes involving the Union and the States. Particularly on matters of **policy where a consensual settlement is desired**, the ISC could negotiate a more acceptable resolution of the dispute among the Constitutional entities.

The Council is empowered under the Presidential Order of 1990 to work out its own procedures with the approval of the Government. Together with the full

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range of functional empowerment under Article 263, the **Council should have functional independence with a professional Secretariat** constituted with experts on relevant fields of knowledge supported by Central and State officials on deputation for limited periods.

The Secretary of ISC should be **designated ex-officio Secretary of the Department of States** reporting directly to the Union Home Minister who is to be ex-officio Deputy Chairman of the Council. Given the Constitutional and quasi-judicial tasks, the **Council should have experts in its organizational set up** drawn from the disciplines of Law, Management and Political Science besides the All India Services. The **proposed legislation should give the ISC an organizational and management structure** different from the Government departments and flexible enough to accommodate management practices involving multidisciplinary skills conducive to federal governance under the Constitution.

ZONAL COUNCILS

These aim at **promoting cooperation** & coordination between States, UTs and the Centre. They discuss & make recommendations regarding common matters. They are **only deliberative** and advisory bodies. These are **statutory bodies** created by States Reorganization Act of 1956. The Act divided the country into **5 zones: Northern Zone, Central Zone, Eastern Zone, Western Zone and Southern Zone. A 6th Zone North-Eastern** was created in 1971 for Assam, Manipur, Mizoram, Arunachal Pradesh, Nagaland, Meghalaya & Tripura; Sikkim added in 1994

Each Zonal Council consists of:

1. From Centre :: Home Minister (acts as Chairman)
2. From States :: CM of all States in zone + 2 other ministers
(Each CM acts as a **Vice-Chairman by rotation**, holding office for a period of **1 year** at a time)
3. Administrators of all UTs in the zone

NATIONAL INTEGRATION COUNCIL RECONSTITUTED

- The government has reconstituted the National Integration Council (NIC) which will be chaired by PM Manmohan Singh. The NIC has **147 members**, including **Union Ministers, Leaders of the Opposition** in the Lok Sabha and Rajya Sabha, **Chief Ministers** of all States and UTs with Legislatures. It also includes leaders of national and regional political parties, chairpersons of national commissions, eminent journalists, public figures, and representatives of business and women's organisations.
- **Set up** in the early **1960s** by PM **Jawaharlal Nehru**, the NIC held its first meeting in 1962. The council reviews matters relating to national integration and makes recommendations over such issues. The NIC aims at finding ways and means to combat the menace of **communalism, casteism and regionalism**. It has held 14 meetings so far, with the last one in October 2008.
- The reconstituted NIC will have **14 Union Ministers**, leaders of national & regional political parties, eminent journalists, women's representatives and persons from the business world, and other eminent public figures.

FEDERAL ISSUES-II

RIVER DISPUTES IN INDIA

(THERE ARE MANY MORE FEDERAL ISSUES COVERED IN THE ACTUAL NOTES)

Water contributes to welfare in several ways: health (e.g. clean drinking water), agriculture (e.g., irrigation), and industry (e.g., hydroelectric power). Since India is a federal democracy, **and because rivers cross state boundaries**, constructing efficient and equitable mechanisms for allocating river flows has long been an important **legal and constitutional issue**. Numerous inter-state river-water disputes have erupted since independence.

Inter-state water disputes have turned out to be one of the most intractable of the many problems which the nation faces. It is a volatile **mixture of politics, law, and the question of rights** effecting livelihood. Many a time it has led to **serious law and order** problems. As the combined effects of increased usage owing to population growth, **intensive agriculture and rapid industrialization** on the one hand and deleterious effects of environmental degradation especially deforestation on the other, lead to **greater scarcity** the chances of intensification of disputes at local, inter-state and national levels become **more real**.

In India the matter is further compounded **because of its seasonality**, most of the precipitation taking place in the few monsoon months. **If water is impounded large storage dams need to be constructed** and if it is not then **floods occur devastating large areas**. Under both circumstances **there are inter-State issues** of sharing of costs of major dam projects and **flood control measures** (including those arising out of land acquisition, construction, relief and rehabilitation and reconstruction) and allocation of water.

CONSTITUTIONAL PROVISIONS

The Constitution provides **a role for the Centre, States and Local Bodies** in the management of water. However it is apparent that **the primacy in the matter is accorded to the States. Entry 17 in List II - State List** of the Seventh Schedule states as follows: —Water, that is to say, water supplies, irrigation and canals, drainage and embankments, water storage, and water power subject to the provisions of entry 56 of List III. **The Centre** has been given a role in

- a. **Entry 56 of List I – Union List** of the Seventh Schedule which speaks of —Regulation and development of inter-State rivers and river valleys to the extent to which such regulation and development under the control of the Union is declared by Parliament by law to be expedient in the public interest, and
- b. Stemming from this entry and recognizing that **disputes may arise in the use of, distribution or control of waters** of an inter-State river or river valley, under **Article 262** which provides for a **Parliamentary law in the matter of adjudication** of such disputes. The Article also provides that if Parliament so enacts

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then **neither the Supreme Court nor any other Court** shall exercise jurisdiction in respect of any such dispute or complaint.

- c. Besides above, **Articles 131 and 136 of the Constitution** have been used by the States frequently for bringing the **matters related to inter-State rivers** before the **Hon'ble Supreme Court**. Further, **Article 143(1) of the Constitution** has been used by the Central Government for seeking opinion of the Hon'ble Supreme Court on the matters related to inter-State rivers.

MECHANISMS

Inter-State Water Disputes Act, 1956 was enacted **under Article 262** of the Constitution. According to the Act, the **State Government may request the Central Government** to refer a water dispute to a Tribunal for adjudication. **The Act provides for the constitution of a Tribunal** for adjudication of the water dispute by the Central Government if is satisfied that disputes cannot be settled by negotiations.

The Tribunal shall consist of a **chairman and two members** to be nominated by the Chief Justice of India from amongst the sitting Judges of the Supreme Court or of a High Court. There is provision for **appointment of assessors to assist the Tribunal** in the proceedings before it. The Act provides **that tribunal should investigate the matter** and shall submit a report and decision to **Central Government**. The Tribunal has to give its further report on explanation or guidance, if sought by the Central or State Governments and Decision of the Tribunal shall be deemed to be modified accordingly.

Decision of the Tribunal is binding on the parties to the disputes and shall be given effect to by them. The ISWD Act **prohibits the reference** of any dispute to a Tribunal which has already been referred to arbitration under the River Boards Act, 1956. The Act **precludes all the courts including the Supreme Court** from having jurisdiction in respect of any water dispute which may be referred to a Tribunal under the Act. The Central Government **shall dissolve the Tribunal after it has forwarded its report** and as soon as Central Government is satisfied that no further reference to the Tribunal in the matter would be necessary.

Under Entry 56 of List –I of the Constitution, the **River Boards Act, 1956** was **enacted** for the establishment of **River Boards** to promote integrated and optimal development of inter-state rivers and river valleys. As per this Act, the Central Government can constitute a **River Board** in consultation with the State Governments concerned, which would help in **coordinated and optimum utilisation of the river waters** and promote development of irrigation, drainage, water supply, flood control and hydroelectric power. **The role of the River Boards as stipulated in the said Act is only advisory in nature**. The River Boards Act 1956 also provides for arbitration of the dispute or differences between two or more governments interested with respect to any advice tendered by the Board.

River Boards envisaged under **River Boards Act, 1956** are of permanent nature. If a River Board exists for any particular basin, dispute or difference between the governments interested needs to be resolved within the **provisions of the Act**. In other words **need for constituting Tribunals under the ISWD Act will be**

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obviated to the extent number of River Boards exist in respect of particular River basins.

However, in spite of efforts made to establish River Boards in the past, no **River Boards could be established so far under River Boards Act, 1956** due to lack of interest and unreserved cooperation of party States. **ISWD Act provides for setting up of ad-hoc Water Disputes Tribunal** for adjudication of disputes relating to inter-State river when negotiations do not lead to fruitful results. Though the intention behind provision of Article 262 in the Constitution was to **appoint one permanent body** to deal with very many water disputes that may arise, it appears that in view of enactment of River Boards Act 1956, ad-hoc Water Disputes Tribunal were in envisaged in the Act.

ISSUES INVOLVED

The shares of the basin states in a river basin are normally decided **either by agreement** among the basin states or **by decisions of a tribunal** and are given effect to by themselves. In certain cases **regulatory bodies** with participation of representatives of the concerned basin states are also established to facilitate the implementation of terms of **agreement /decision of Tribunal**.

The Centre has exercised its jurisdiction in the matter of inter-State rivers by enacting the **River Boards Act 1956**. Hence if central management of any inter-State river basin is desired it could be done **either through a specific legislation** for that basin or by **setting up a Board** under the River Boards Act 1956.

In practice however the Centre has not exercised either route to constitute a specific River Basin Organisation, (It is interesting to note that the **Ganga Basin Authority** notified in February 2009 has been set up under the Environment Protection Act) and the reasons for this have generally been ascribed to the **reluctance of States** to politically come to an understanding in this regard.

River **boards** with only advisory powers have been created. Hence, the **state governments dominate the allocation of river waters**. Since **rivers cross state boundaries, disputes are inevitable**. The Inter-State Water Disputes Act of 1956 was legislated to deal with conflicts, and included provisions for the establishment of tribunals to adjudicate where direct negotiations have failed. However, **states have sometimes refused to accept** the decisions of tribunals. Therefore, arbitration is not binding. Significantly, the courts have also been ignored on occasion.

Finally, the center has sometimes intervened directly as well, but in the most intractable cases, such as the sharing of the Ravi-Beas waters among Haryana, Jammu and Kashmir, Rajasthan, and Punjab, **central intervention, too, has been unsuccessful**. In summary, an unambiguous **institutional mechanism** for settling inter-state water disputes **does not exist**. Nevertheless, water disputes are sometimes settled.

Every Tribunal constituted in the past **had followed different ways and methods** for resolving the issues before it. **In case of Godavari, Krishna and Narmada**; great deal of understanding and give & take among the basin States is visible

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and as a result, **Tribunal of these river basins were successfully able** to resolve the issues before them.

In case of Ravi-Beas and Cauvery; **due to lack of understanding and cooperation among basin States**, Tribunal has not been able to resolve the issues so far. In fact in both the cases, the **President of India had to make references under Article 143(1) of the Constitution to the Hon'ble Supreme Court** on the legal complications created by Legislative action of the basin States.

Functioning of a new Tribunal **gets hampered in the initial stages** which has its **adverse effect on the time limit set** in the ISRWD Act 1956 for a Tribunal for submission of its reports. Therefore **there is need for comprehensive relook at ISRWD Act 1956** and amending the same so that it provides for the creation of Standing Water Disputes Tribunal.

Another trend which is being noticed of late **is frequent use of Article 131 of the Constitution by the States to bring the issues related to inter-state rivers before the Hon'ble Supreme Court**. A number of Original Suits have been filed before Hon'ble Supreme Court and most of the Suits are **pending before the Court**. Central Government is invariably made a respondent in the Suits filed before the Hon'ble Supreme Court. Many of these Suits can be avoided before the Hon'ble Supreme Court if a mechanism in the form of **Standing Water Disputes Tribunal** exists since in such eventuality Central Government can always take a stand before the Hon'ble Supreme Court that in view of Standing Water Disputes Tribunal, the Court should not entertain such cases.

PUNCHI COMMISSION'S VIEW

The proposal for setting up a **Standing Tribunal** for all Inter State River Water Disputes is at conceptual stage at present. The Punchi Commission on Centre State Relations has inter alia made following recommendation **on water disputes**:

1. The Tribunal should be a **multidisciplinary body** presided over by a Judge.
2. It should follow a **more participatory** and conciliatory approach.
3. The statute should **prescribe a time limit** for clarificatory or supplementary orders. **Appeals to the Supreme Court** should be prescribed under the statute; and in the long run; and **Reference to a Tribunal** should be invariably linked with constitution of inter-State River Boards charged with an integrated watershed approach towards inter-State rivers.
4. The initiating party must indicate the **efforts it has made in resolution** of its grievances before a River Board.
5. The Government of India **must indicate the stand it took before the Board** and in case a Board has not been constituted the reasons for not having constituted one as well as the likely timeframe in case the process is underway.

These recommendations of Punchi Commission on Centre State Relations are under consideration of Inter State council.

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EXAMPLES

Ravi Beas case: The matter was referred to the Tribunal in 1986. A report was given in January 1987. **Political differences** led to further references being made to the Tribunal and the matter is still before it. Meanwhile **Punjab has through legislative enactment terminated all agreements.** The legality of this action is the subject matter of a Presidential reference to the Supreme Court made in 2005 under Article 143. The matter is still awaiting the Court's opinion.

There is another issue of **finality.** When after nearly 20 years a final decision was handed down by the **Cauvery Tribunal on February 5, 2007,** it was subjected to a **challenge in the Supreme Court** by the States of Karnataka and Kerala, on certain constitutional issues. The **State of Tamil Nadu invoked the powers of the Supreme Court under Article 136** and filed a **Special Leave Petition.** Thus the amendment to the Inter-State Water Disputes Act 1956 passed in 2000 which explicitly states that the decision of a Tribunal shall have the same force as an order or decree of the Supreme Court has been **found to be ineffective.**

In view of the above, there is a need for **further amendment in the ISRWD Act, 1956** which should provide for **creation of a Standing Water Disputes Tribunal** and for reference of water disputes among the basin States directly to such Tribunal or through the Central Government. Amendment in the Act for creation of a **Standing Water Disputes Tribunal does not in any way do away** with the need among the basin/party States of the mutual understanding and co-operation to resolve such issue even before the Standing Water Disputes Tribunal.

KAVERI RIVER WATER DISPUTE

The sharing of waters of the Kaveri has been the source of a serious conflict between the Indian states of **Karnataka and Tamil Nadu.** The genesis of this conflict, rests in two controversial agreements—one signed in 1892 and another in 1924—between the erstwhile Madras Presidency and Princely State of Mysore. The 802 kilometres Kaveri River has 32,000 km² basin area in Karnataka and 44,000 km² basin area in Tamil Nadu.

The **state of Karnataka contends** that it **does not receive its due share of water from the river as does Tamil Nadu.** Karnataka claims that these agreements were skewed heavily in favour of the Madras Presidency, and has demanded a renegotiated settlement based on "equitable sharing of the waters". **Tamil Nadu, on the other hand, pleads** that it has already developed almost **3,000,000 acres (12,000 km²) of land** and as a result has come to depend very heavily on the existing pattern of usage. Any change in this pattern, it says, **will adversely affect the livelihood of millions of farmers** in the state.

Decades of negotiations between the parties bore no fruit. The Government of India then constituted **a tribunal in 1990** to look into the matter. After hearing arguments of all the parties involved for the **next 16 years,** the tribunal delivered its **final verdict on 5 February 2007.** The Tribunal, comprising chairman **Justice N.P. Singh** and members N.S. Rao and Sudhir Narain, in its verdict, allocated:

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- 419 billion ft³ (12 km³) of water annually to **Tamil Nadu**
- 270 billion ft³ (7.6 km³) to **Karnataka**;
- 30 billion ft³ (0.8 km³) of Kaveri river water to **Kerala**
- 7 billion ft³ (0.2 km³) to Puducherry.

The dispute however, appears **not to have concluded**, as all four states deciding to **file review petitions** seeking clarifications and possible renegotiation of the order. **In February 2013**, based on the **directions of the Supreme Court**, the Indian Government has notified the **final award of the Cauvery Water Disputes Tribunal (CWDT)** on sharing the waters of the Cauvery system among the basin States of Karnataka, Tamil Nadu, and Kerala and Union territory of Puducherry.

KRISHNA WATER TRIBUNAL

The **three-member tribunal**, headed by **Justice Brijesh Kumar**, permitted Karnataka to raise the storage level in the **Almatti dam** to 524.256 metres from 519.6 metres, a measure seen by Andhra Pradesh as depriving its lower Krishna delta region of water supply. The tribunal, however, directed Karnataka to make regulated releases of 8 to 10 thousand million cubic feet (tmcft) from the dam to Andhra Pradesh in June and July.

The Krishna Water Disputes Tribunal-II allocated the **highest share of Krishna river waters to Andhra Pradesh** but distributed the surplus waters, which was hitherto flowing into the State. The shares of other basin States — **Karnataka and Maharashtra** — were also raised. The tribunal asked the Centre to set up a '**Krishna Water Decision-Implementation Board**' with representation from all the three States. In its order, announced in an open court, the tribunal allocated a total share of of **1,001 tmcft** to Andhra Pradesh, **911 tmcft** to Karnataka and **666 tmcft** to Maharashtra with certain restrictions imposed on each State in keeping with the dependable flows of the rivers on which the allocations have been made.

Since the decision of the tribunal has the **force and decree of the Supreme Court**, no appeal against the award can be filed in any court except before the tribunal itself. The **order of the tribunal** can be reviewed or revised after May 31, 2050. States which came up with projects that do not fall within the purview of the tribunal's order may have to modify them. **KWDT-II was constituted in 2004.**

BHABLI: CMs TO ABIDE BY SUPREME COURT INTERIM ORDER

Bhabli project refers to the **controversial reservoir project**, being **constructed by the Maharashtra** across the river **Godavari**, disputed by **Andhra Pradesh**. The **Supreme Court**, in its interim **order in 2007**, said Maharashtra could continue with the construction of the **barrage**, but not install the 13 crest-gates on the solid structure, which is important as their height determines how much water can be stored. Later, Andhra Pradesh filed a contempt petition against Maharashtra for not implementing the Supreme Court's interim order.

The Maharashtra government had installed all the 13 crest-gates as planned originally **in violation of the order**, claims the A.P government. It maintained

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that Bhabli was constructed within the foreshores of the **Sriram Sagar project** reservoir, and, therefore, it would curtail inflows to Andhra Pradesh.

The dispute arises from the fact that **S.B. Chavan** and **Jalagam Vengal Rao** reached an agreement in **October 1975** which was later made part of the Godavari Water Disputes Tribunal (GWDT) Award. As per the terms of the pact **Maharashtra could utilize 60 tmcft** (thousand million cubic feet) of Godavari water while Andhra Pradesh could go ahead with building the Sriram Sagar Project (SRSP) and utilize all the balance water.

Andhra Pradesh's contention is that Maharashtra has used up its quota in course of time by building 4 projects. Yet, in an action without precedent, Maharashtra began construction of the Bhabli project on the foreshores of SRSP and 13 other small projects upstream. 18 lakh acres under the SRSP ayacut in the **Telangana region** will become barren if Maharashtra is allowed to have its way.

MULLAPERIYAR DAM CONTROVERSY

Mullaperiyar Dam is constructed over the headwaters of the **Periyar River in Kerala**. The Periyar National Park is located around the Periyar reservoir formed by the backwaters of this dam. It is **operated by Tamil Nadu** according to a 999-year lease agreement made during erstwhile British colonial rule. Periyar River is a west-flowing river of Kerala. The River **flows its full course entirely through Kerala**, and derives its water almost exclusively from catchment area (Drainage basin) inside the State. The dam stops the west flowing river to form a reservoir, which is also **exclusively located in Kerala**.

In **February 2010**, Supreme Court has decided to constitute a 5-member **empowered committee** to study all issues of Mullaperiyar dam and seek a report from it within 6 months. In **March 2010**, in a fresh twist to Mullaperiyar dam row, **Tamil Nadu** told the Supreme Court that it was **not interested in adjudicating the dispute with Kerala** before the special –empowered committee appointed by the apex court for settling the **inter-State issue**. However, Supreme Court refused to accept Tamil Nadu's request to scrap the decision to form the empowered committee.

INTER-STATE RIVALRY ON HOGENAKKAL PROJECT

Karnataka is opposed to the **Hogenakkal drinking water** project implemented by Tamil Nadu, saying that any new project would affect its share of the **Cauvery waters**. Karnataka has also **claims the waterfall** based on a topographical map of the Madras Presidency. The **Rs. 1,334 crore** Hogenakkal integrated drinking water project, for which the foundation stone was laid in February 2008, envisages supply of potable water to over four million people in Dharampuri and Krishnagiri districts.

Hogenakkal Integrated Drinking Water Project is a **fluorosis mitigation drinking water project** being undertaken at Hogenakkal in Dharampuri district, Tamil Nadu. It aims to supply safe drinking water to drought prone & fluorosis affected Dharampuri and Krishnagiri districts of Tamil Nadu. It is scheduled to be executed with **funding from Japan Bank** for International Cooperation (JBIC) using Tamil Nadu's share of Cauvery river water.

SELF-HELP GROUPS (SHGs) - THIRD SECTOR ORGANISATIONS AT THE LOCAL LEVEL

SHGs are **informal associations** of people who choose to come together to find ways to improve their living conditions. They **help to build Social Capital among the poor**, especially women. The most important functions of a Self-Help Groups are (a) to encourage and **motivate** its members to save, (b) to persuade them to make a **collective plan** for generation of additional income, and (c) to act as a conduit for **formal banking services** to reach them.

Such groups work as a **collective guarantee system** for members who propose to borrow from organised sources. Consequently, Self-Help Groups have emerged as the most effective mechanism for **delivery of micro-finance services** to the poor. The range of financial services may include products such as deposits, loans, money transfer and insurance.

FINANCIAL INCLUSION— CURRENT STATUS IN THE COUNTRY

One of the reasons for **rural poverty** in our country is **low access to credit and financial services**. As per a survey report of the **NSSO** (59th round), **51% farmer households** in the country (out of a total of 90 million) do not have access to any form of credit from institutional or non-institutional sources. Overall, **73% of the households do not have credit links** with any financial institution. This apart, the overall credit linkage portfolio when taken as a whole for the country appears to be **highly skewed** with the North-Eastern, Eastern and Central regions lagging far behind other parts of the country.

Usha Thorat Committee

In 2006, the **RBI** set up a Committee under **Usha Thorat** to suggest methods to expand the reach and content of financial sector services in the **North-East**. The Report of the Committee emphasized on **large scale expansion** of financial intermediation in the entire region. This could be done by:

- a. opening **new branches** of Commercial Banks in these areas
- b. increasing the **no. of accounts** in the existing units
- c. adopting the **business correspondent/** facilitator model to increase the reach of Commercial Banks
- d. extensive use of **IT**
- e. improving currency management/ availability of foreign exchange facility
- f. providing **insurance and capital market** products through Banks
- g. introducing **Electronic Clearing Services** and Real Time Gross Settlement System
- h. strengthening the **Regional Rural Banks**
- i. converting well established SHGs into **cooperatives**
- j. relaxing insistence on **collaterals**

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Rangarajan Committee

In 2007, a Committee was constituted under the chairmanship of Dr. **C. Rangarajan** to prepare a comprehensive report on '**Financial Inclusion in the Country**'. The Committee went into a large number of issues connected with (a) **banking** in remote areas, (b) empowerment of **Self-Help Groups** and their linkages with financial institutions and (c) revitalization of the **RRBs**.

One of the main **findings of this Committee** was that the scenario of credit access showed **wide inter-region and inter-State variations**:

- 1. Level of Non-indebtedness across Regions:** Farm households not accessing credit from formal sources is very high in the North-Eastern, Eastern and Central Regions exceeding 80% of all farm households in these regions. In terms of **absolute numbers**, these regions taken together account for 65% of farm households not accessing credit from formal sources. The **southern region** exhibits **relatively better levels** of access to formal/ non-formal sources (75%) mainly on account of the spread of **banking habits** and a more robust infrastructure.
- 2. Level of Non-indebtedness across States:** The proportion of non-indebted farmer households was **most pronounced in Jammu and Kashmir** and Himachal Pradesh in the Northern Region, all North-Eastern States (60% to 96%) except Tripura, in Bihar and Jharkhand in the Eastern Region, and Chhattisgarh, UP and Uttarakhand in the Central Region.

The **Rangarajan Committee** came to a finding that currently there are **256 districts** in the country (out of a total 617) spread across 17 States and 1 Union Territory which suffer from **acute credit exclusion with a credit gap of over 95%**. The Committee identified **4 major reasons** for lack of financial inclusion:

- Inability to provide **collateral security**
- Poor credit **absorption capacity**
- Inadequate reach** of the institutions
- Weak **community network**

The existence of **sound community networks** in villages is increasingly, being recognized by development experts as one of the most important elements of credit linkage in the rural areas. **Participatory community organisations** like Self-Help/ **Joint Liability Groups** can be extremely effective in reaching credit to the poor and can thus, play a critical role in poverty alleviation.

EVOLUTION OF THE SHG MOVEMENT IN INDIA

1950s

The **first organised initiative** in this direction was taken in **Gujarat** in **1954** when the **Textile Labour Association** of Ahmedabad formed its women's wing to organise the women belonging to households of mill workers in order to **train them in primary skills** like sewing, knitting embroidery, typesetting & stenography etc.

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1970s

In 1972, it was given a more systematized structure when **Self Employed Women's Association (SEWA)** was formed as a **Trade Union** under the leadership of Ela Bhatt. She organised women workers such as hawkers, vendors, home based operators like weavers, papad makers, small producers like cattle rearers, salt workers, cooks and vendors with the **primary objective** of (a) increasing their **income and assets**; (b) enhancing their food and **nutritional standards**; and (c) increasing their organisational and **leadership strength**. The overall intention was to organise women for **full employment**.

1980s

In the 1980s, **Myrada**— a Karnataka based non-governmental organisation, promoted several locally formed groups to enable the members to **secure credit collectively** and use it along with their own savings for activities which could provide them economically gainful employment. **Small group formations** at the local level were initiated in Tamil Nadu and Kerala through the Tamil Nadu Women in Agriculture Programme (**TANWA**) 1986, Participatory Poverty Reduction Programme of Kerala, (**Kudumbashree**) 1995 and Tamil Nadu Women's Development Project (**TNWDP**) 1989. These initiatives gave a firm footing to SHG movement in these States. Today, around **44% of the total Bank-linked SHGs** of the country are in **4 southern States** of Andhra Pradesh, Tamil Nadu, Karnataka and Kerala.

The **positive experience** gained from the above programmes has led to the emergence of a very strong consensus that the **twin concepts** of (a) small group organisation and (b) **self-management** are potent tools for economic and social empowerment of the rural poor. Efforts have been made almost in all parts of the country to adopt this model as a **necessary component** of the poverty alleviation programmes.

1990s

The **SHG-Bank linkage programme** was started as a test project in 1989 when **NABARD**, the Apex Rural Development Bank in the country, sanctioned Rs. 10 lakhs to **MYRADA** as seed money assistance for forming credit management groups. **Ministry of Rural Development** also provided financial support to **PRADAN** to establish SHGs in some rural pockets of Rajasthan. On the basis of these experiences, a **full-fledged project** involving a partnership among **SHGs, Banks and NGOs** was launched by NABARD in 1992.

In **1995**, the **RBI streamlined the credit delivery procedure** by issuing a set of guidelines to Commercial Banks. It enabled SHGs to open Bank Accounts. The scheme was further strengthened by a standing commitment given by NABARD to provide **refinance and promotional support** to Banks for credit disbursement under the SHG – Bank linkage programme. NABARD's corporate mission was to make available **microfinance services** to 20 million poor households.

In the **initial years**, the progress in the programme was a slow; around 33,000 groups could be credit linked during the period 1992-99. But, thereafter, the

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programme grew rapidly and the number of SHGs financed increased to more than 7 lakhs in 2010. Cumulatively, **33 million poor households** in the country have been able to secure access to micro-finance from the formal banking system.

NABARD, in association with Deutsche Gesellschaft für Technische Zusammenarbeit (**GTZ**), conducted a study in **2005**, on the **comparative performance** of **SHG–Bank linkage programme** vis-à-vis other modes of priority sector lending. It revealed that the 40 million families and 205 million people having been covered under this programme and the **cumulative loan figure** standing at around 18000 crores appear to be impressive. But in the context of the **magnitude of poverty** prevailing in the country and the **overall quantum of the fund flow** available under various anti-poverty programmes of the Government, the size of the SHG movement could be described only as modest.

AGENCIES INVOLVED IN SHG DEVELOPMENT

Apart from **NABARD**, there are 4 other major organisations in the public sector which too **provide loans to financial intermediaries** for onward lending to SHGs. They are (a) Small Industries Development Bank of India (SIDBI), (b) Rashtriya Mahila Kosh (RMK), and (c) Housing and Urban Development Corporation (HUDCO). Then, there are public sector/ other commercial banks which are free to take up any lending as per their policy and RBI guidelines.

Rashtriya Mahila Kosh (RMK)

RMK was set up by in **1993** as an **Autonomous Body** registered under Societies Registration Act, 1860 under the Ministry of Women and Child Development. The objective was to facilitate **credit support to poor women** for their socio-economic upliftment. RMK was established to provide loans in a **quasi formal credit delivery** mechanism, which is **client-friendly**, has simple and minimal procedure, disburses quickly and repeatedly, has **flexible repayment** schedules, links thrifts and savings with credit and has relatively low transaction costs both for the borrower and the lender.

The **maximum amount of loan** that can be given to a beneficiary at a time is Rs. 25,000 for income generation, Rs. 50, 000 for house building and Rs. 10,000 for a family purpose. A corpus of Rs. **31 crore** was provided to the RMK at its inception. During the intervening period of 15 years, this corpus has been increased only marginally to Rs. 76 crore in 2008. It does not have branch offices anywhere in the country and operates only through its corporate office located at New Delhi.

Small Industries Development Bank of India (SIDBI)

SIDBI launched its micro finance programme on a pilot basis in **1994** using the **NGO-MFI model** of credit delivery wherein such institutions were used as **financial intermediaries** for delivering credit to the poor and unreached, mainly women. In 1999, SIDBI **reoriented and upscaled** its micro finance programme. A specialised department viz. 'SIDBI Foundation for Micro Credit' (**SFMC**) was set up with the mission to create a **national network** of strong, viable and sustainable Micro Finance Institutions (**MFIs**).

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SFMC is implementing the **National Micro Finance Support Programme** (NMFSP with the goal of bringing about substantial **poverty elimination** and **reduced vulnerability** amongst users of micro-finance services, particularly women. The NMFSP is being implemented in collaboration with the Department for International Development (**DFID**), UK and the International Fund for Agricultural Development (**IFAD**), Rome.

CASE STUDIES: SUCCESS STORIES IN STATES

Andhra Pradesh

In Andhra Pradesh, **women** have been placed in the fore-front of the development agenda through formation of women's SHGs. **Multi-level SHG federations** formed at the block and district levels have further benefited the growth of SHGs and **institutionalized this mobilization**. The State Government assists the groups by providing Revolving Fund/ **Matching Grant** under various programmes. **Society for Elimination of Rural Poverty** (SERP), a registered autonomous Body, is playing a key role in this process by providing facilitation support to groups and by sensitizing line departments of the government, Banks and insurance companies towards the needs of the poor.

Tamil Nadu

In Tamil Nadu, the **Department of Rural Development** has taken initiative to organise the rural poor into SHGs. The members of the group agree to **save regularly** and convert their savings into a common fund known as the **group corpus**. This fund is used by the group through a **common management strategy**. Generally, a SHG consists of **10-20 persons**. However, in difficult areas having scattered population or disabled persons, the number may even go down to 5. The group must belong to **BPL families**. However, if necessary, a maximum of 20% of the members in a group may be taken from families **marginally above the poverty line** with consent of the BPL members of the group.

The group has its **own code of conduct** to bind itself. The group corpus fund is used to **advance loans to the members**. The group tries to develop financial management norms covering the loan sanction procedure, repayment schedule and interest rates. The group operates a **group account** in their service area Bank branch, so as to deposit the balance amounts left with the groups after disbursing loans to its members.

Kerala

The State Poverty Eradication Mission - **Kudumbashree** was launched by the Government in 1998 with the active support of Government of India and NABARD. The objective was to **eradicate absolute poverty** in 10 years under the leadership of Local-Self Governments. The 20-40 women are organised into **Neighbourhood Groups** (NHGs). These groups are coordinated at the Ward level through Area Development Society (ADS), by federating 8-10 NHGs. The coordinating **Apex Body** at the Panchayat level is the Community Development Society (CDS).

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The aspirations and genuine demands voiced in the NHG meetings form the **-micro-plans**, and are scrutinized and prioritized to form a mini-plan at the level of ADS. A judicious prioritization process at the level of CDS leads to finalisation of a **-CDS Plan**. It is the **-anti-poverty sub-plan** of the Local-Self Government. **Thrift and Credit Societies** are set up at NHG level to encourage the poor to save and to avail easy credits. These facilities have gradually grown into informal **Doorstep Banks** for Kudumbashree members.

PRIVATE INITIATIVE IN SHG DEVELOPMENT

SEWA in Ahmedabad, MYRADA in Karnataka, Nav Bharat Jagriti Kendra and Ramakrishna Mission in Jharkhand, and ADITHI in Bihar are some of the names which took the **lead in promoting SHGs** (mostly of women) around income generation activities using local skills. From organizing villagers into groups which could work on viable activities, to making a project and securing funds, these VOs have worked with involvement and dedication. **PRADAN** (Professional Assistance for Development Action), DHAN Foundation, **ASSEFA** (Association of Sarva Seva Farms), **MALAR** (Mahalir Association for Literacy, Awareness and Rights), SKS, Janodaya, Cohesion Foundation and **Jan Chetna Sansthan** are some of the other major non-governmental institutions which are promoting and nurturing a large number of SHGs.

INTERNATIONAL EXPERIENCE

A major micro-finance experiment was initiated in **Bangladesh** by **Mohd. Yunus** in 1974-76. He started lending to groups of poor people in areas neighbouring Chittagong. He realised that the **only way out** of poverty lay in going beyond the existing norm of the market and providing the very poor with **non-guaranteed solidarity-based loans** which could enable them to develop gainful economic activities.

In 1976, after repeated resistance and refusals by Bangladeshi banks, Yunus succeeded in founding the **'Grameen Bank'**. By 1994, this **poor people's bank** was directly serving **2 million people**. The owners of the bank were women (94%) organised into solidarity-based groups of 5. Contrary to expectations, these groups were **prompt in paying back their loan installments**. Currently, the Grameen Bank is in a credit relationship with nearly **7 million poor people** spread across 73,000 villages in Bangladesh, 97% of whom are women.

Advancing **collateral-free loans** for income generation schemes remains the **core activity** of the bank. But, it also gives housing, student and a host of attractive savings, pension funds and insurance products to its members. Cumulatively, the **total disbursal of loan** has been to the tune of US \$ 6 billion with a repayment rate is 99%; the Grameen Bank routinely makes profit. The efforts of the Grameen Bank have generated a **huge multiplier effect** in the country with regard to **women's organisational abilities** and their overall empowerment. It has enabled them to build assets, increase family income, and **reduce their vulnerability** to economic stress, violence and exploitation.

In **Indonesia**, which has a long history of **informal village banking** through the rural units **Desas**, the official definition of microcredit covers all loans of less than Rp. 50 million (approx US \$ 5500), regardless of the conditions attached to these

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loans. This definition also covers a range of loans that are more commonly considered **small and medium enterprise** (SME) lending.

Bolivia has been one of the leaders of the micro-finance movement in South America. The **informal sector** in this country is a source of major employment for the impoverished population and for them; the microcredit institutions are of great value. The State has put in place an adequately empowered **financial regulatory authority** to develop and govern this sector.

Micro-finance in **Mexico** has adopted an altogether different model which **does not insist on collaterals** but operates on **high interest rates**. **Compartamos**, the most prominent MFI of the country, was born out of the same social concern that inspired Mr. Yunus in Bangladesh. It uses a **group lending** model similar to Grameen's. But it believes in the principle that by **pursuing profits**, it will be able to provide financial services to many poor people far more quickly than it would if it had continued to act as a charity. As a result, the micro-finance facility is provided to the borrowers at a high rate of interest (at least 79% per annum).

IMPACT ON RURAL LIFE

Economic impact

A random impact evaluation study was carried out by **NABARD**. The results of this survey released in 2000 indicated that:

- a. 58% of the households covered under SHGs reported an **increase in assets**; the average value of **assets per household** increased by 72%
- b. majority of the members developed **savings habit** against 23% earlier; there was a threefold increase in savings and a **doubling of borrowings** per household;
- c. the **share of consumption loan** in the borrowing went down from 50% to 25%; 70% of the loans taken went towards **income generation** ventures;
- d. **employment** expanded by 18%;
- e. the **average net income** per household rose by 33%
- f. about 42% of the household studied were below their State specific **poverty line** in the pre-SHG enrolment stage; it came down to 22%

Social impact

- a. **Rise in self-confidence:** Participation in group activity significantly contributed to improvement of **self-confidence** among the members. In general, group members and particularly women became more **vocal & assertive** on social and family issues.
- b. **Promotion of group activity:** The structure of the SHG is meant to provide mutual support to the participants in saving money, preparing a **common plan** for additional income generation and **opening bank accounts** that would help them in developing credit relationship with a lending institution. It promotes the **concept of group accountability** ensuring that the loans are paid back. It provides a platform to the community where the members can **discuss and resolve important issues** of mutual concern.
- c. **Skill development:** While some of the SHGs have been initiated by the local communities themselves, many of them have come through the **help of a mentor**

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Body (either government or an NGO) which provided initial information and guidance to them. Such support often consists of **training people** on how to manage Bank accounts, how to assess small business potential of the local markets and how to **upgrade their skills**. In the end, it creates a local team of **resource persons**.

- d. **Increase in outreach of the micro-finance:** Commercial Banks and other institutions which are otherwise not receptive to the demands of marginalized individuals, start considering such groups as their **potential customers**. Overall such **Joint-Liability Groups** expand the outreach of the micro-finance programme in an effective way, **reaching out to the excluded segments** e.g. landless, sharecroppers, small and marginal farmers, women, SCs/STs etc.
- e. **Women empowerment:** The majority of SHGs comprise of **women members**. Formation of SHGs has a **multiplier effect in improving women's status** in society as well as in the family. Their active involvement in micro-finance and related entrepreneurial activities not only leads to improvement in their **socio-economic condition** but also enhances their **self-esteem**. Women in a group environment become **more articulate in voicing their concerns** and a change occurs in their self-perception. They start to see themselves not only as beneficiaries but also as **clients/ informed citizens** seeking better services. On the home front, their new found awareness and the confidence generated out of their entrepreneurial skills make them more confident vis-à-vis their men-folk.
- f. **Reduced exploitation by money-lenders:** The SHG programme has contributed to a reduced dependency on informal money lenders & other non-institutional sources.
- g. **Social upliftment:** It has enabled the participating households to **spend more on education** than non-client households. Families participating in the programme have reported better school attendance and lower drop-out rates. The financial inclusion attained through SHGs has led to **reduced child mortality**, improved **maternal health** and the ability of the poor to combat disease through better nutrition, housing and health – especially among women and children.

WEAKNESSES/ ISSUES OF SHG MOVEMENT

Though, during a short span of 15 years the SHG movement has recorded remarkable progress (> **30 lakhs SHGs** in operation presently with a cumulative loan of > **10 lakh crore** rupees), much still remains to be done. Even if we consider only the **BPL population** of the country (around 25% - 26 crores), the above achievement seems to be minuscule.

The movement shows **steep territorial variations**. Many areas of the country lack adequate **banking structure**. **Urban and semi-urban areas**, to a large extent, **stand excluded** from this mode of credit delivery. Further growth of this movement faces threat from **inadequacy of skills** in the rural areas. And finally the **pace of the movement** needs to be accelerated. SHG movement suffers from following **weaknesses**:

- Contrary to the vision for SHG development, members of a group do not come necessarily from the **poorest families**

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- The SHG model has led to definite social empowerment of the poor but whether the economic gains are adequate to bring a **qualitative change** in their life is a matter of debate
- Many of the activities undertaken by the SHGs are still based on **primitive skills** related mostly to primary sector enterprises. With **poor value addition** per worker and prevalence of subsistence level wages, such activities often do not lead to any substantial increase in the income of group members.
- There is lack of **qualified resource personnel** in the rural areas who could help in skill upgradation / acquisition of new skills by group members.

SUGGESTIONS/ PRIORITY AREAS TO BE FOCUSED

Looking at the **strength and weaknesses** of this movement, following **7 issues** of this sector deserve priority attention:

1. Maintaining the Participatory Character of SHGs

The strength of a SHGs lies primarily in its **solidarity-based participatory character**, and in its ability to survive without any significant external support or involvement. In the early phases of its existence, the intent behind the **cooperative movement** too focused on **stakeholders' participation**. The government and banking institutions were thought of as **some sort of catalyst** which would provide support to the sector. But gradually cooperative sector became a springboard for **political aspirants**. Government interventions have already started showing **negative results**. The patronage and subsidies provided to the SHGs by government and the Panchayats often lead to their politicization.

There is need to learn from the experience of the cooperative sector. The **mutually participatory, solidarity-based character** of SHG movement needs to be retained and protected. SHG movement should be recognized as a people's movement and the role of government should be only to facilitate and create a **supportive environment**, rather than 'manage' the movement directly.

2. Expanding SHG Movement to Credit Deficient Areas of the Country

Overall **73% of the farmer households** in rural areas have no access to any formal source of credit. The States which are **particularly deficient** in this respect are Bihar, Uttar Pradesh, Madhya Pradesh, Orissa, Rajasthan and those in the North-East. **NABARD** has identified 13 States having large rural population but are performing unsatisfactorily in utilization of **Micro Finance Development and Equity Fund**.

Availability of financial services is one of the critical determinants of employment, economic well being and social empowerment in rural areas especially for the marginalized poor. Their **access to credit delivery** and related services broadly depends on 2 factors– (a) the **reach and expansion** of the financial infrastructure; and (b) the **presence of social organisations** and cultural attitudes which are in readiness to receive the benefits offered by the infrastructure.

Building **financial infrastructure** is an important step towards expansion of economic opportunities in a backward area. But, it needs to be firmly supported by

cooperative action and social mobilization on the part of local stakeholders. Expansion of social cooperation should be regarded as a **central feature** of the development process and hence, people's organisations like Self-Help/ other Joint-Liability Groups need to be encouraged.

3. Extension of Self-Help Groups to Urban / Peri-Urban Areas

Migration in India can be divided into **2 broad categories**: (i) movement from villages to the neighbouring **middle grade towns** and (ii) movement to **metropolitan cities**. The first category, often called **transient migration** is in the nature of temporary movement where the worker stays in the new location intermittently for shorter periods and maintains close links with his home village. But when he moves to a metropolitan city, his stay in the new location is for longer durations. This class of workers **mostly stays in tenements and slums**. They do not have access to organised financial services.

Presently, **NABARD's** mandate is to provide micro-finance facilities **only to rural and semi-urban areas**. Branches of the **mainstream Banks** too are not keen to service this sector. The net result is that this segment of the urban population e.g. pavement sellers, street hawkers, construction workers etc. remains **financially excluded**. In Bangladesh, the **Grameen Bank** does not make any distinction between urban and rural borrowers provided the **groups satisfy the basic conditions**.

Rangarajan Committee on Financial Inclusion also considered this issue. In the current scenario of ever **increasing urbanization** (28% in 2001, likely to be 50% by 2040), for a holistic development of urban areas, all round efforts should be made to increase **income generation abilities of the urban poor**. There is need to organize this class of people into **Neighbourhood Groups** (NHGs) on the same pattern as has been adopted for the rural poor. Since **NABARD** has the necessary expertise in this sector, it would be best if it plays a promotional role for Self-Help Groups and micro-finance activities in urban / **peri-urban areas too**.

4. Mode of SHG Development and Financial Intermediation

Establishing **stable linkage** between a SHG and a local financial institution is one of the key elements of the SHG movement. Currently, **4 distinct models** of financial intermediation are in operation in various parts of the country:

1. SHG-Bank linkage promoted by a **mentor institute**
2. SHG-Bank **direct** linkage
3. **SHG-Mentor** Institution linkage
4. **SHG-Federation** model

Linking SHGs to Banks by a mentor institute for credit requirement is the **most effective** model which allows an SHG to obtain loan funds **without any collateral**, from a local rural/ commercial Bank often in **multiples of its own savings**. Such a fund is transferred to its members by the SHG for a commonly accepted purpose on explicitly **settled terms**. This model is a **savings-led mechanism**, which insists on a minimum savings of 6 to 12 months before the group becomes eligible for external credit. In **India**, this model has been one of the most successful models.

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:: The **total outflow** in this model has been **low** because it is inherently linked with the magnitude of the **SHG's own savings**. In some cases, a cluster of SHGs have gathered together to **form a federation**. This scales up their activities and also enables them to have **access to increased resources** from funding institutions.

A somewhat modified form also exists in which **Banks provide financial support directly** to SHGs which have grown without help of any promoter institution. Such SHGs are usually formed on the basis of some common activities. The cases of such financial intermediation are of course **not very common**. In the third model, the **SHPI** (Self-Help Promoter Institution) takes the role of a **financial intermediary** between a Banks and the SHG. The SHPI accepts the contractual responsibility for **repayment** of the loan to the Bank. It is an example of indirect linkage between the SHG and the Bank.

In another model, a **federation provides financial intermediation** to the SHG. An examination of some of the SHG federation models reveals a variety of **innovations**. These include linkage to the parent NGO-MFI linkage with external MFIs, community ownership of a Non-Banking Finance Company (NBFC) and SHGs being reconstituted into mutually aided credit and thrift cooperatives. However, many of these innovations are **stand alone initiatives**, not capable of easy replication.

Since the borrowing SHGs consist mainly of low income members who cannot afford to miss even a day's wages, a **hassle-free transaction** with a Bank which is ready to come to their doorsteps with appropriate credit products is of great value to them. The **SHG-Bank Linkage Model** with a mentor SHPI is the most appropriate one for delivery of financial services to the SHGs.

5. Expansion of Regional Rural Banks (RRBs)

Presently, out of a total of 622 districts in the country, almost 550 have a network of RRBs. These banks are primarily for providing **institutional credit** to the marginalized sector of the rural economy (small, marginal farmers, landless labour and rural artisans). Extension of the RRB network to the remaining districts would considerably speed up the process of **inclusive banking** and help in extending microfinance to local SHGs.

6. Issues of Sustainability, Capacity Building and use of Technology

The **institutional sustainability** and the quality of operations of the SHGs are matters of considerable concern. It is generally held that only a minority of the SHGs are able to raise themselves from a level of micro-finance to that of **micro-entrepreneurship**. Neither do such Bank linkages lead to sanction of larger individual loans under the Bank's normal lending programmes.

The ultimate objective of a tie-up is to impart financial strength to the SHGs so that they can enter into a **stable relationship with the local financial institutions** - without any external support. Even after many years of existence, by and large, SHGs are heavily **dependent on their promoter NGOs** or government agencies. The withdrawal of NGOs/ government agencies even from areas where SHGs have been

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federated, has often led to their collapse. The **leadership and management** of most SHG federations continue to be in the hands of NGOs.

Capacity building of small groups/ members is an important component of organisational effectiveness. Capacity building of government functionaries and Bank personnel is a necessary element of an **equitable triangular relationship** involving the SHGs, government functionaries and the local Banks. For success of such cooperative/ social capital ventures, there is need to provide **extensive training** to all the three pillars of the self-help movement.

Utilization of Technology: Currently, many public sector banks and micro-finance institutions are unwilling to provide financial services to the poor as the **cost of servicing remains high**. Use of appropriate technology can reduce it. High penetration of **telecom connectivity** in India, together with the latest mobile technology could be used to enhance financial inclusion in the country.

7. Financial Assistance to SHPIs and other Support Institutions

45% of the total number of **women's SHGs** of the country is located in **Andhra Pradesh**. This enviable position of the State is primarily due to the initiative shown by **promoter NGOs** often known as Self-Help Promoting Institutions (**SHPIs**) / mentor organisations. If the SHG movement is to spread across the entire country, there is need to provide **major incentives to SHPIs/ promoter NGOs**. Currently, the financial support to SHPIs comes from the Micro Finance Development and Equity Fund (**MFDEF**) of NABARD. To attract more and more SHPIs to the rural areas, this **quantum of support** needs to be revised.

ROLE OF MICRO FINANCE INSTITUTIONS (MFIS)

Two most important activities of the SHGs are (a) organizing thrift and **savings** and (b) leveraging it to obtain funds without formal **collaterals**. Since large commercial Banks, due to their complex operational structure and other management constraints, are usually not able to meet the needs of this sector, a large number of **private micro-finance institutions (MFIs)** have been set up in recent years in various parts of the country to fill this void.

Micro-credit is defined as **provision of thrift, credit, and other financial services** (such as deposits, loans, payment services, money transfer, insurance and related products) of **very small amounts** to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and improve living standards. **MFIs** are those which provide such micro-credit facilities. Leaving aside the commercial Banks, the needs of this sector are currently being handled by the following **4 major players:**

- a. Rural Banks
- b. Cooperatives
- c. Institutions which have been registered as Societies, Public Trusts
- d. Individual money-lenders

Micro-credit is an instrument of both **social as well as economic policy**. It opens up **integral development processes** such as use of financial and technical

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resources, basic services and **training opportunities** to the unprivileged. Access to savings, credit, money transfer, payment, and insurance can help poor people take **control of their financial life**. It also empowers them to make **critical choices** about investing in business, sending children to school, improving health care of the family, covering the cost of key social obligations and **unforeseen situations**. But the most important of all, an access to finance **generates self esteem** among them.

In the **Indian context**, the concept of micro-credit has an ancient origin, prevalent in the form of credit to the poor by the traders and money-lenders at **exorbitant interest rates**. This resulted in hardship to the borrowers often leading to illegal practices like **bonded labour**. However, in modern times, microcredit implies lending to the poor at reasonable but sustainable interest rates.

Raghuram Rajan Committee set up in 2007 to outline a comprehensive agenda for the evolution of the financial sector in the country has deeply analysed the issue -**Broadening of Access to Finance**. In this context, one of its suggestions is to **alter the emphasis** somewhat from the large Bank led, public sector dominated, mandate ridden and branch-expansion-focused strategy to **Micro Banks**. The poor need efficiency, innovation and value for money which can come from motivated financiers who have a **low cost structure** and who can see the poor as profitable. They also have the capacity of making **decisions quickly** & with minimum paper work. The **Committee recommended:**

- a. allowing **more entry to private** well-governed deposit-taking **small finance banks** offsetting their higher risk from being geographically focused by requiring higher capital adequacy norms, a strict prohibition on related party transactions, and lower allowable concentration norms
- b. making significant efforts to create the **supervisory capacity** to deliver the greater monitoring these banks will need initially
- c. putting in place a **tough prompt corrective action regime** that ensures that these banks do not become public charges

Micro-Finance Institutions in the Formal Sector

Currently, a major share of the micro-financial services such as **handling thrift and providing credit** to the economically active low-income segments of society, especially women, poor households and their micro enterprises is being collectively handled by **public sector institutions** like **NABARD**, Small Industries Development Bank of India (**SIDBI**), Rashtriya Mahila Kosh (**RMK**), rural branches of Commercial Banks and Regional Rural Banks (**RRBs**).

Private/ NGO Initiative in Micro-finance

Apart from the formal sector organisations, private/ NGO initiative too has played an important role in expanding micro-finance in the country. This expansion has happened in 2 ways. Some of the **NGOs** which actively promoted SHGs in the early years of the SHG movement themselves **diversified into micro-credit lending** such as **SEWA** in Gujarat, Nav Bharat Jagirity Kendra (**NBJK**) in Jharkhand and Shramik Bharati in Uttar Pradesh. The second set of institutions consists of those which came on the scene later by **registering as pure MFIs** such as Bandhan, BASIX and SKS. Their **form**

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varies; some of these MFIs have been registered as Societies, some as Trusts, some under Section 25 of the Companies Act and some as NBFCs. Some Cooperative and Mutually aided societies too, are engaged in this business.

:: The sector broadly identifies the following **9 issues** which confront its functioning: (i) operational/ **financial sustainability**, (ii) restrictions on handling thrift/savings (iii) lack of well developed **MIS**, human resource capacity and its retention, (iv) **marketing** of borrowers' products, (v) relationship with other NGOs and formal sector institutions, (vi) tackling **default**, (vii) **relationship with commercial Banks**, (viii) capital inflow and (ix) interaction with the government. It is widely recognized that installing a **uniform regulatory mechanism** will go a long way in facilitating further growth and development of private initiative in this sector.

MFIs and Money-Lenders' Act

An important issue which has become the subject of intense debate, concerns the **rate of interest** and **recovery practices of MFIs**. Currently, there are 22 States in the country which have **Money-Lenders' Act** in place. Tamil Nadu and Karnataka have gone a step further & also enacted a new legislation called **Prohibition of Charging Exorbitant Interest Act**. In several cases, they have applied provisions of these two Acts on activities of the MFIs and forced them to **stop their business**.

Kerala High Court ruled that the provisions of the **Kerala Money-lenders Act** would be applicable to the **non-banking financial institutions**. The Judgment also laid down that the government notification fixing the rate of interest at the **maximum limit** of 12% would apply to all types of loans for which the interest rate levied by the commercial Banks was around 10%. In **Andhra Pradesh**, an enquiry commission set up to probe the excesses of MFIs also made a series of recommendations with regard to the rate of interest, duration of the loan, recovery procedure and monitoring of their activities by **District Magistrate** and **Superintendent of Police**.

In 2006, the RBI set up a working group under **S.C. Gupta** to review **State money-lending legislations**. It recommended that **lending transactions** by NBFCs, registered Charitable Societies and Public Trusts should be **exempted** from the provisions of the State money lending legislations. There is need to further look into the issues of **MFI – State Money-lending legislations interface** and take all categories of MFIs; Societies, Public Trusts, Cooperative Societies, Section 25 Companies and NBFCs out of the purview of these laws. The issue of **interest rate charged** by the MFIs should be left to the **Regulatory Authority** proposed under the Micro-Financial Sector (Development and Regulation) Bill 2007.

Micro-Financial Sector (Development and Regulation) Bill, 2007

At present, except for those registered as NBFCs, the **lending activities of MFIs** are not being covered by any regulation. In order to **regulate this sector**, the Union Government introduced 'the Micro Financial Sector (Development and Regulation) Bill, 2007'. **The salient features of the Bill are as follows:**

- a. It identifies **NABARD** as the agency responsible for development & regulation of this sector.

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- b. It seeks to constitute a **Micro Finance Development Council** to **advise NABARD** on formulation of policies, schemes & other measures.
- c. It **defines various entities** engaged in the activity of micro finance that will be governed by the regulatory framework proposed to be set up.
- d. It **defines various categories** of clients such as SHGs/ Joint Liability Groups who will benefit from micro financial services.
- e. It seeks to extend micro financial services to **eligible clients** by way of financial assistance subject to ceilings as prescribed by NABARD.
- f. It provides for **acceptance of thrift**, i.e., savings of eligible clients by micro finance organisations, subject to such terms and conditions as may be prescribed.
- g. It provides for **creation of a reserve fund** by micro-finance organisations.
- h. It provides for constitution of **Micro Finance Development and Equity Fund** to be utilised for the development of the micro finance sector
- i. It provides for appointment of **Micro Finance Ombudsman** for settlement of disputes between eligible clients and micro-finance organisations.
- j. It provides for **offences and penalties** for non-compliance with the regulatory requirements of the Bill.

The proposed Bill has generated fierce debate among stakeholders and civil society organisations. **Resistance to the Bill** is based on the following arguments:

- a. **Constitutional propriety** of the Bill is questionable as the entities created by a State Acts such as Societies, Trusts and Cooperatives cannot be overridden by a Central legislation.
- b. Societies & Trusts etc. are **part of civil society**, whereas companies, cooperatives, partnership firms, nidhis etc. are **part of market** and therefore, it may not be appropriate to put these two sets of institutions in the **same basket** for the purpose of providing micro-financial services.
- c. Nominating **NABARD** as the primary regulator appears to go against the basic **principles of natural justice**, equity and autonomy as NABARD is itself a major player in this sector. However, NABARD provides only **refinance facility** to primary lenders and does not lend directly. It is primarily a facilitator and not a service provider. There appears to be **no scope of conflict** between the supervisory and regulatory functions of NABARD.
- d. There is some **ambiguity in definition** of Micro Finance Services, service providers, service receivers etc. in the proposed Bill. This needs to be removed.
- e. Bill defeats the intended purpose of providing affordable credit by not addressing the **issues of interest rates and fees** to be charged by the MFIs.
- f. The Bill does not cover Non-Banking Financial Companies (**NBFCs**) and Section 25 Companies which too operate in this sector. They are handling a **major share** of the micro-finance market.

Rangarajan Committee on 'Financial Inclusion' too examined the proposed Bill and made the following **suggestions**:

- a. **Companies formed under Section 25** of the Companies Act, 1956 need to be brought under the purview of this Bill.
- b. **Cooperatives** should be **taken out** of the purview of the proposed Bill in order to avoid duality of control between the State Acts and the Union Legislation.

Further, the following is also suggested for the 2007 Bill:

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- a. The **scope of micro-finance services** should be substantially widened to cover credit/ savings, insurance, pension services, money transfer, issue/ discount of warehouse receipts and future/ option contracts for agricultural commodities and forest produce.
- b. **NBFCs** are already regulated by the RBI. However, **Nidhis** registered under the Companies Act, and Producer Companies should also be brought under the new legislation.
- c. As far as the question of **allowing MFIs to handle thrift/ saving** and money transfer is concerned, there is a need to adopt a path of caution. Since it will involve hard earned **savings of the poorest** of the society, MFIs should be allowed to accept savings **only as business correspondents** of Scheduled Banks and not in their individual capacity as a micro-finance lender.
- d. **Rural credit** is often viewed as a potential Non Performing Asset. There is need to **educate government employees** and Bank personnel in this regard. **Technology** may be leveraged to reduce the cost of reaching out to the poorest of the poor.

ISSUES RELATED TO POVERTY & HUNGER

ISSUE-IX: INCLUSION

Inclusion is when all **people have the freedom to do** what anyone else can do, access to anyplace that anyone else can go, where full participation is available to everyone and all people embrace differences, and feel accepted, valued and respected for who they are. When considering the concept of inclusion one needs to be aware of the source of exclusion.

Inclusion is recognizing our **universal "oneness"** and **interdependence**. Inclusion is recognizing that we are "one" even though we are not the "same". We were all born "in". The act of inclusion means fighting against exclusion and all of the social diseases exclusion gives birth to - i.e. racism, poverty, hunger, etc.

The **difference between inclusion and exclusion** lies not with the individual, but within the society where the person lives. With this knowledge, the causes and strategies used to achieve inclusion the onus must fall upon societies. The causes and challenges of **exclusion result from social barriers** that exist within society as such; society is where the problems must be addressed.

WHY BE CONCERNED WITH INCLUSION?

- First, there are serious negative effects for people who experience exclusion. Exclusion **creates division within a community** and separation of people causes vulnerability among the excluded groups, whether it is because of disability, race or class. This vulnerability puts people at risk of negative experiences in their lives.
- Lack of inclusion also leads to and exacerbates **social disparity** which, furthers the devaluation of these groups and reduces their quality of life. A lack of inclusion within a community creates an **atmosphere of inequality**, which prevents people from having equal access to all things that should be available to them in their society.
- This prevents those who are excluded from getting what they need to live effectively. The areas often affected include access to employment and as a result, **reduced financial status** which creates the risk of people not being capable of acquiring their basic needs.
- Those who are excluded are at increased risk of participation in many types of **unhealthy behaviors** and **reduced overall health**. Beyond the implications of exclusion on the individual and groups in society, there are also effects, which touch society as a whole in a negative way.
- A reduced level of inclusion leads to the **marginalization and segregation of groups**, which emphasize differences, and creates separation within a community. A community divided in this way, is a weaker society in its humanity.
- Separation also leads to **power differentials**, which create divisions, segregation and **inequality** within a community. These concerns develop into power imbalances and oppression of groups in communities.

WHAT ARE THE CONTRIBUTING FACTORS TO EXCLUSION?

- There are a number of issues which contribute to exclusion. The biggest contributing factor is **attitudinal barriers** held about a group of people because of difference such as disability, race, or gender.
- This type of barrier has been identified as leading to lack of acceptance perpetuation of negative stereotypes and adherence to **certain norms, habits and societal rules**. These rules are designed by and for the dominant group in society and the belief that if people do not fit they should not be included. Finally, attitudinal barriers are the root cause of a number of other factors which contribute to exclusion such as access barriers, power imbalance, superficial service inclusion and policy barriers.
- One of the barriers that are caused by the presence of attitudinal barriers is **lack of accommodation of differences**.
- This includes physical barriers that prevent access. **Lack of accommodation** and accessibility contribute directly to the exclusion of people. Not only are these physical barriers an issue as they exist, but they also affect efforts to remove them and stifle willingness to prevent future barriers from being created.
- Voluntary measures are limitedly successful. Project and policy directives need to be put in place to assist with the elimination of barriers, so an environment of inclusion can occur.
- **Power imbalances** also result from attitudinal barriers and contribute to exclusion. People within the dominant group make decisions, as they possess the power to do so, for those outside the dominant group there is often a lack of support needed and feelings of inequality develop.
- When power is held by one dominant group those outside are more likely to be excluded and their needs are left unheard and unmet. Attitudinal barriers about the excluded contribute to superficially inclusive services and systems.
- These types of systems may have the best intentions but a **lack of belief in and respect for people** leads to the excluded being silent recipients of services. This superficial type effort often leads to generic approaches which are ineffective for everyone.
- This also applies to segregated programs which do not provide an opportunity to promote inclusion and perpetuates the separation of people and the belief that they are different and should not be part of the mainstream of society.
- Service language of benevolence and gifting sends very strong messages to the people served and to the community. This perspective can lead to perpetuation of attitudinal barriers, **negative self-images**, and negatively impacts on the service and community environment.
- The final area where attitudinal barriers affect the **exclusion of people is around policy barriers**. Commonly held negative attitudes influence the political agendas that support negative policy development for excluded groups. The outcome of this type of policy development is patchwork ineffective programs that do not address the needs of the people they were created to support.
- It is these barriers which prevent adequate funds and resources from being directed to the efforts of inclusion in service and accessibility supports. Negative attitudes and beliefs have a major effect on the production of **legislative disincentives** in their programs, which put up another barrier for the excluded to overcome.

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INCLUSION IN –INDIAN CONTEXTII

In Indian context it implies, an **equitable allocation of resources** with benefits accruing to every section of society and a growth process which yields **broad-based benefits** and ensures **equality of opportunity** for all. It is concerned with the **Pro-poor growth**, growth with equity. It is aimed at **poverty reduction, human development, health** and provide **opportunity to work** and be creative. In order to achieve inclusion, the allocation of resources must be focused on the indented short and long terms benefits and economic linkages at large and not just equitable mathematically on some regional and population criteria.

THE INCLUSION INVOLVES FOUR ATTRIBUTES

- **The Opportunity** attribute focuses on generating more and more opportunities to the people and focuses on increasing their income.
- **The Capability** attribute concentrates on providing the means for people to create or enhance their capabilities in order to exploit available opportunities.
- **The Access** attributes focuses on providing the means to bring opportunities and capabilities together.
- **The Security** attribute provides the means for people to protect themselves against a temporary or permanent loss of livelihood.

All together it is a process in which economic growth measured by a sustained expansion in GDP contributes to an enlargement of the scale and scope of all four dimensions.

ELEMENTS OF INCLUSION-ORIENTED GROWTH

The key components of the inclusion oriented growth strategy included a sharp **increase in investment in rural areas**, rural infrastructure and agriculture spurt in credit for farmers, increase in rural employment through a unique social safety net and a sharp increase in public spending on education and health care. The 5 interrelated elements of inclusion oriented growth are:

1. **Poverty Reduction** and increase in quantity and quality of employment.
2. **Agriculture Development**
3. **Social Sector Development**
4. **Reduction in regional disparities**
5. **Protecting the environment.**

PROBLEMS BEFORE INCLUSION ORIENTED GROWTH STRATEGIES IN INDIA

For a developing country like India, the need of inclusion-oriented growth is vital to achieve the overall progress of the country. Though it is positive for macro-economic stability, 2008-09 resulted a relative growth slowdown, mostly from the spillover effects of the weakening of the global economic momentum and volatile financial markets. The following problems are the **major concerns for developing countries** like India to achieve the inclusive growth. They are:

- Poverty
- Employment
- Agriculture

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- Problems in Social Development
- Regional Disparities
- Poverty
- Percent of population living under the poverty line, which is 356.35 rupees or around \$7 a month in rural areas.

The World Bank estimates that **456 million Indians** (42% of the total Indian population) now live **under the global poverty line** of \$1.25 per day (PPP). This means that a third of the global poor now reside in India. However, this also represents a significant **decline in poverty** from 60 percent in 1981 to 42 percent in 2005, although the rupee has decreased in value since then, while the official standard of 538/356 rupees per month has remained the same. Income **inequality in India (Gini coefficient: 32.5 in year 1999- 2000)** is increasing. On the other hand, the Planning Commission of India uses its own criteria and has estimated that **27.5% of the population** was living below the poverty line in 2004–2005, down from 51.3% in 1977–1978, and 36% in 1993-1994.

The source for this was the **61st round of the National Sample Survey (NSS)** and the criterion used was monthly per capita consumption expenditure below Rs. **356.35** for rural areas and **Rs. 538.60 for urban** areas. 75% of the poor are in rural areas, most of them are daily wagers, self-employed householders & landless labourers.

A proportionally large share of poor is lower castes. Many see the **caste system** as a system of exploitation of poor low-ranking groups by more prosperous high-ranking groups. In many parts of India, land is largely held by high-ranking property owners of the dominant castes that economically **exploit low-ranking landless labourers** and poor artisans, all the while degrading them with ritual emphases on their so-called god-given inferior status.

EMPLOYMENT

- Employment considered as one of the **big problems** for inclusion-oriented growth in India. Raising population at a great speed after independence showed its impact on employment. The **unemployment became the big worry** to the development of the country.
- Since poverty is much higher than unemployment, employment is the **only source to eradicate poverty**. The quality and quantity of employment in India is very low due to illiteracy and due to over dependency on agricultural employment. The quality of employment is also a problem.
- **Unorganized employed** people in India are **around 85%**. Workers in this sector do not have social security. The generation of productive employment for labour force in the economy, as employment is a key to inclusion-oriented growth is the toughest task for the country.
- The country is also facing in employment generation in all sectors, regions and for all socio economic groups particularly for poorer sections of population, backward regions, lagging sectors and SC/ST/OBC/women etc.

AGRICULTURE

- Traditionally, India is considered as the agricultural based country. As the majority of Indians are engaged in agriculture for employment, the recent developments in the other sectors decreased this major sector's growth. Some of the **problems in Indian agriculture are:**
 - ✓ Long term factors like steeper decline in per capita land availability, shrinking of farm size.
 - ✓ Slow reduction in share of employment.
 - ✓ Low labour productivity in agriculture and the gap between agriculture and non-agriculture sector is widening.
 - ✓ Decline in yield growth due to land and water problems, vulnerability to world commodity prices, farmer's suicides.
 - ✓ Disparities in growth across regions and crops, i.e., growth rate declined more in rain fed areas.
- Thus these **problems became the hurdles** in the key area for the economic development of the nation, i.e., agriculture.

PROBLEMS IN SOCIAL DEVELOPMENT

Social development is also one of the key concerns in inclusion oriented growth. The social development became the hot criteria in the recent past in India. Social development is also **facing some problems** making the path critical to inclusion-oriented growth in the country. Some of the problems in social sector are:

- ✓ Significant regional, social and gender disparities.
- ✓ Low level and slow growth in public expenditures particularly on health.
- ✓ Poor quality delivery systems.
- ✓ Achievement of 127th rank among 170 countries on Human Development index.
- ✓ Social indicators are much lower for scheduled castes and scheduled tribes.
- ✓ Malnutrition among children is one major problem.
- ✓ Since BPO brought the multi culture environment in India, this sector is facing under savior pressure due to global recession.

REGIONAL DISPARITIES

Regional disparities are also a major concern for India due to **different culture and traditions**. Traditional cultures, caste system and the rich & poor feelings favored some specific groups as a result, the regional disparities raised in India before and after independence. And also, due to the development in agriculture and industrial sector some regions in India developed fast and some other places still are facing the scarcity. Some of the regional disparities problems are:

- ✓ Per capita income is highest at Rs. 16,679 in Punjab and lowest per capita income is at Bihar with Rs. 3557.
- ✓ Female infant mortality varies from 12 in Kerala to 88 in Madhya Pradesh.
- ✓ Female literacy varies from 33.6% in Bihar to 88% in Kerala.
- ✓ Richer states grew faster than the poorer states.

CHALLENGES BEFORE INCLUSION-ORIENTED GROWTH STRATEGIES IN INDIA

The key components of the inclusion-oriented growth strategy included a **sharp increase in investment in rural areas**, rural infrastructure and agriculture spurt in credit for farmers; increase in rural employment through a unique **social safety net** and sharp **increase in public spending on education and health** care.

The government also should go for a variety of legislative interventions to empower the disadvantaged. Some of the challenges and opportunities before inclusion-oriented growth strategies in India are:

1. **Poverty alleviation** is one of the big challenges for India. Eradication of poverty in India is generally only considered to be a long-term goal. Poverty alleviation is expected to make better progress in the next 50 years than in the past, as a trickle-down effect of the growing middle class. **Increasing stress on education, reservation of seats** in government jobs and the increasing empowerment of women and the economically weaker sections of society, are also expected to contribute to the alleviation of poverty.
2. **For agricultural growth**, the private players can participate in to bridge the gap including providing micro finance. **Contract farming**, setting up **storage facilities** for agro-produce, and producing them from farmers. The private sector could also develop heritage sites and tourist spots and encourage the **promotion of traditional arts** and crafts in **joint ventures with rural enterprises**. The government of India should also increase its present moratorium on interest payments, lowering of farm credit rates for increase in agricultural growth.
3. **Government schemes** should target eradication of both poverty and unemployment (which in recent decades has sent millions of poor and unskilled people into urban areas in search of livelihoods) attempt to solve the problem, by providing **financial assistance** for setting up businesses, skill honing, setting up public sector enterprises, reservations in governments, etc. The decreased role of the public sector after liberalization has further underlined the need for focusing on **better education** and has also put political pressure on further reforms.
4. **Child labor** is a complex problem that is basically rooted in poverty. The Indian government is implementing the **world's largest child labor elimination program**, with primary education targeted for around 250 million. Numerous non-governmental and voluntary organizations are also involved.
5. Special investigation cells have been set up in states to enforce existing laws **banning employment of children** (under 14) in hazardous industries. The allocation of the Government of India for the eradication of child labor was \$10 million in 1995-96 and \$16 million in 1996-97. The allocation for 2007 is \$21 million. Failure to implement the law and poor rehabilitation policies need urgent attention which is a big challenge for India to achieve inclusive growth. Social development is possible through achieving **Women Empowerment** and eradicating the regional disparities.
6. Though the Government is giving the women empowerment by giving special reservations, the women's advancement in India is still not matched the expectations for inclusive growth. Presently, the **women** are dealing with the **top posts** in India like President, Lok Sabha Speaker and Railway Minister.
7. To bring in inclusive growth, it is necessary to enhance the capabilities of women by providing education, so that they get the opportunity of getting employed and be self sustainable. Government of India has stepped up for inclusion-oriented growth by

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launching **many initiatives** with features that are innovative, flexible and reform oriented such as:

- ✓ Rural Infrastructure(Bharat Nirman)
- ✓ Employment(National Rural Employment Guarantee Scheme)
- ✓ Regional Development (backward District Development Program)
- ✓ Education (Sarva Shiksha Abhiyan)
- ✓ Rural Health(National Rural Health Mission)
- ✓ Urban Infrastructure (National Urban Renewal Mission)

CONCLUSIONS

1. Since, **agriculture holds the key** to rural income, food self sufficiency, relative stability in prices, the budget package for farmers, the **11th five year plan also gave 8.55% to the Agriculture and Irrigation** to the total Plan outlay. Hence, these benefits are expected to contribute for improved farm productivity and thus contribute to the economy as well as for inclusive growth.
2. **Gender equality and women's empowerment** are human rights that lie at the heart of development and the achievement of the Millennium Development Goals.
3. Government's initiatives to achieve inclusion-oriented growth should reach to the end needy people in due time. If it is done, definitely inclusion-oriented growth can be achieved at a less time span.
4. **Poverty and Employment** has a good relation. If Poverty is to be removed, then definitely the employment is the key.
5. **Better infrastructure** facilities and through investments in public and private sector is likely to strengthen further, giving a boost to economic growth.
6. The Urban-rural divide has to be bridged ad rural areas integrated with the economic processes to **ensure equitable and inclusive growth**.
7. The **private sector** has an **important role to play** in enhancing employment opportunities in farm and non-farm enterprises in rural areas, and should provide the necessary expertise to these areas.
8. **Education, Increased technology, women's economic and social empowerment economic reforms and efficiency** improvements in the economy will reinforce the country's confidence in the high-growth phase and thus contribute to inclusive growth.
9. Development of **production sector, BPO's, infrastructure** and structural change in agriculture – industry – services will create productive employment.
10. For the global competition, country needs to have inclusive growth; hence all the above challenges and opportunities will contribute to the **inclusion-oriented growth strategies** in India.

ISSUES RELATED TO POVERTY & HUNGER

ISSUE-X: FINANCIAL INCLUSION

“Financial inclusion means **delivery of financial services** at an affordable cost to vast sections of disadvantaged and low income groups”.

There have **various barriers** in the access to formal banking system to all the population and to every area. Some have been identified as relating to culture, education (especially financial literacy), gender, income and assets, proof of identity, remoteness of residence, and so on. Efforts are being made by the authorities- especially banking regulators to improve access to affordable financial services through financial education, leveraging technology and generating awareness in order to create enabling conditions such that markets become more open, more competitive, affordable and inclusive.

Limited access to affordable financial services such as savings, loan, remittance and insurance services by the vast majority of the population in the rural areas and unorganized sector is believed to be acting as a constraint to the growth impetus in the various sectors identified for growth in the country. Access to affordable financial services - especially credit and insurance - enlarges livelihood opportunities and empowers the poor to take charge of their lives. Such empowerment aids social and political stability.

Apart from these benefits, inclusion imparts formal identity, provides access to the payments system and to savings safety net like deposit insurance. Hence inclusion is considered to be critical for achieving inclusive growth; which itself is required for ensuring overall sustainable growth in the country.

TYPES OF FINANCIAL EXCLUSION

- A. Exclusion from payment system : not having access to bank accounts
- B. Exclusion from formal credit markets leading to approaching informal/ exploitative markets

WHO ARE EXCLUDED?

Marginal farmers – landless labour – oral lessees – self employed – unorganized sector – urban slum dwellers – migrants – ethnic minorities – socially excluded groups – senior citizens – women – NER, Eastern & Central regions most excluded.

REASONS FOR EXCLUSION

- Barriers for poor people to access appropriate financial services include socio-economic factors e.g., lack of education-illiteracy-awareness, gender and age, low and irregular income, and geography,

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- Distance from bank branch, branch timings, cumbersome documentation/procedures, unsuitable products, language, staff attitude are common reasons
- Ease of availability of informal credit, regulatory factors e.g. mandatory requirements of identity documentation and product design factors.
- KYC – documentary proof of identity/ address
- High transactions costs of borrowers, savers as well as banks
- High risk cost

FACTS ABOUT FINANCIAL INCLUSION

- Financial exclusion is experienced by both developing and developed economies alike.
- The World Bank estimates that **2.7 billion people**, over half the population of the developing world, live on **less than US\$ 2 a day**.
- RBI data shows that as many as **139 districts** suffer from massive financial exclusion, with the adult population per branch in these districts being above 20,000 and **only 3 % with borrowings from banks**.
- On the assumption that each adult has only one bank account (which does not hold good in practice, so that actual coverage is likely to be worse) on an all India basis, 59 % of the adult population in the country has bank accounts.
- **41 %** of the population is, therefore, **unbanked**. In rural areas the coverage is 39 % against 60 % in urban areas.
- The unbanked population is higher in the 2 poorer regions of the country, and is the worst in the **North-Eastern** and **Eastern regions**.
- Out of 203 million households in the country, **147 million** are in rural areas 89 million are farmer households.
- **51.4 %** of farm households have **no access to formal or informal sources** of credit while 73 % have no access to formal sources of credit.

NEED FOR FINANCIAL INCLUSION

- Limited access to savings, loans, remittance & insurance are **major constraint to growth**.
- These services **enlarge livelihood opportunity & empowers poor**
- **Empowerment aids socio-political stability**
- Financial inclusion **provides formal identity, access to payments**

FINANCIAL SERVICES INCLUDES

- ❖ Savings
- ❖ Credit
- ❖ Insurance
- ❖ Remittance facilities etc.

HOW FINANCIAL INCLUSION CAN ADDRESS GROWTH EQUITY AND PRO-POOR GROWTH

- Financial sector development and deepening, **drives economic growth** by **mobilizing savings** and **investing** in the growth of the productive sectors.

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- The institutional infrastructure of the financial system contributes to **reducing contracting & transaction costs**, which in turn accelerates economic growth and promotes pro-poor growth.
- Increasing financial inclusion **reduces the economic vulnerability of households**, promotes economic growth, **alleviates poverty** and improves the quality of peoples' lives.
- FI essential for **inclusive growth** which is necessary for sustainable overall economic growth.

Thus, expansion of banking leads to **increasing availability of finance** to spur economic growth and helps alleviate poverty.

RBI INITIATIVES TOWARDS FINANCIAL INCLUSION

- **1969-1991**: expansion of branch network – **average population covered per branch** reduced from 64000 to **13711** – liberalization/ opening of economy – financial sector reforms – deregulation – increased competition – strengthening of banks through recapitalization – prudential measures – Indian banking now robust & able to achieve global financial inclusion.
- **November 2005** : banks advised to provide basic banking –**no frills** accounts with low or minimum balance/ charges – expand banking outreach to larger sections of population – printed material used by retail customers made available in local language
- **Know Your Customer (KYC)** principles **simplified** to open accounts for customers in rural & urban areas – Balances not to exceed Rs. 50000 & credits Rs. 1 lakh in a year.
- **General purpose Credit Card (GCC)** facility up to Rs. 25000 at rural & urban branches, Revolving credit, Withdrawal up to limit sanctioned, Based on household cash flows -- No security or collateral, Interest rate deregulated.
- **One-Time Settlement (OTS)** for overdue loans up to Rs. 25000 – Borrowers eligible (after OTS) for fresh credit
- **January 2006** : Bank allowed to use services of NGOs, SHGs, micro finance institutions, civil society organisations as business facilitators/ correspondents (BC) for extending banking services – BCs allowed to do –cash in-cash out transactions at BC locations & branchless banking
- **June 2007**: Multilingual website in **13 Indian languages** launched by RBI providing information on banking services
- April 2006: **1 district in each state identified** by SLBC for **100% financial inclusion**.
- Kisan Credit cards (KCCs) used for **credit first, then savings** – with small overdraft facility or GCCs with revolving credit up to a specified limit
- In association with insurance companies, **banks providing insurance cover** for life, disability & health cover.
- SCBs & RRBs being **revived/strengthened** with incentives for better governance.
- Payments system being improved to cater to less developed parts of the country
- Setting up of **financial literacy centers**, Credit counseling centers, National financial literacy drive, Linkage with informal sources with safeguards, IT solutions, Low cost remittance products etc.
- 2007 Budget: 2 Funds :

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- 1 **Financial Inclusion Fund** - developmental/promotional work
 - 2 **Financial Inclusion Technology Fund** – technology adoption/innovation – Each Fund of \$ 125 million
- Government constituted 10-Member **Committee under Dr. C. Rangarajan's** (Chairman: PM's Economic Advisory Council) **on Financial Inclusion.**

Financial inclusion is **not mere State Benefit Transfers**. Loans must be extended and savings and borrowings habits need to be inculcated among the poor. Poor do not require cheap credit but prompt credit. It is an anomaly that while they are pressed to pay exorbitant rates of interest to the money lender, the mainstream financial institutions are still shy of lending to them. In the ultimate analysis, financial inclusion is a driver of economic growth and poverty alleviation.

Inclusive financial sector development makes two complementary contributions to **poverty alleviation**: financial sector development is a driver of economic growth which indirectly reduces poverty and inequality; and appropriate, affordable, financial services for poor people. Critical to our efforts at securing sustained economic growth are the expansion of last mile access to finance. Thus financial inclusion is no longer a policy choice but is a policy compulsion.

FINANCIAL INCLUSION AS A DRIVER FOR INCLUSIVE GROWTH

Inclusive growth is the **biggest challenge** that the nation faces and it is important to ensure that while the Indian economy grows rapidly, all segments of society are part of this growth process, preventing any regional disparities from derailing such growth. Thus, there is an **urgent need today to provide financial services to all households** that are excluded from formal financial services. Here, it must be remembered that the financial sector is probably the only sector that has the **ability to act as a facilitator and multiplier** for **overall economic growth** and stability.

A well spread out financial system engenders economic activity by mobilizing savings into the formal financial system, **providing an avenue** to urban workers to remit money to their families in villages besides **weaning them away from the clutches of usurious moneylenders**. This is even as it connects all parts of the country to the market economy and mitigates risks by ensuring that the poor have access to a variety of social security products, like **micro-savings, micro-credit, micro-insurance, and micro-pension products**.

Financial inclusion has been identified as a **priority sector** in the government's efforts to make the growth process more equitable and inclusive, and technology is playing a pivotal role in this process by reducing the cost of delivery while increasing the sector's efficiency and productivity. It is recognised by all that in the long run, the financial services sector must have the ability to service the entire real sector of the economy. This shall **increase its efficiency, vibrancy, effectiveness and productivity of the real economy**.

The objective of the financial deepening process is to ensure the creation of adequate social security nets that shall provide citizens with a choice of financial products, including pension, insurance and saving instruments. It will also **enable the**

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household sector to convert physical assets into financial assets, which can be leveraged for productive activities spurring economic activity. Financial Inclusion is also important as it provides an avenue to the poor for bringing their savings into the formal financial system. It is thus **essential to extend banking services to the rural hinterland** at the earliest in order to include these regions in India's growth story. The provision of banking and financial services to the rural hinterland will be an enabler for inclusive growth.

STRATEGY:: WHAT IS BEING DONE?

The country's banking system has already formulated its road map for ensuring financial inclusion and has identified nearly 73,000 habitations across the country, having a population of over 2,000 for providing banking facilities **by the year 2012**. This is estimated to cover nearly 50 million rural households and the banks hope to cover these households using a mix of the banking correspondent model, hand-held devices and mobile telephony to achieve this aim.

Here, the regulators are looking into the security concerns over the **use of micro ATM computers, biometric identification** and are perfecting the technology, building into it the necessary security essential for customer protection. Also, the business correspondent model can be used for selling micro-pension products like **Swavalamban** as also micro insurance products. And the challenge of educating business correspondents to provide such financial services and achieving interoperability between financial institutions is the next set of challenges that the country's banking system is going to face.

A key facilitator for enabling the country's banking system to spread its reach can be the **unique identification number** that the Unique Identification Authority of India (UIDAI) has been mandated to do. In fact, the UID will enable better delivery of services and effective governance to all and that too at a reduced cost. The UID project is primarily aimed at ensuring inclusive growth by providing a form of identity to those who do not have any identity. It seeks to provide UIDs to the marginalized sections of society and thus strengthen equity. UIDAI believes that the plan of issuing Aadhaar numbers to the intended 600 million residents over the next four years and setting up an online biometric authentication service will help address many of the current challenges faced by the banks in delivery of financial services.

Recognizing the fact that the agriculture sector can be a key driver of taking banking services to the excluded, the banks are trying to ensure that each farmer in India, especially small and marginal, has a smart **Kisan Credit Card** and **access to bank credit**. This is especially important since over the years the agricultural sector's contribution to national GDP has decreased at a much faster rate than the number of people it supports; currently, 56 per cent of the population involved in agriculture account for only 18 per cent of the GDP. Thus, it is important that if farm productivity is to improve, timely credit to farmers is vital, and technology has an important role to play in ensuring timely credit to the agriculture sector.

In this context, the government is seeking to add various loan products to its portfolio of financial offerings to the agriculture sector. If the first phase of taking banking services to the agriculture and related sectors included deposits, withdrawals

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and remittances, the second phase include loan products. These loan products, which are in the range of Rs 10,000-15,000, are being offered through **general credit cards (GCC)** and kisan credit cards (KCC) for economic activities.

Today, the most popular vehicles of taking Micro Finance to the rural hinterland are the **Self Help Groups (SHGs)** and the **Micro Finance Institutions (MFIs)** - bank linkage models. The SHG-bank linkage programme was launched by NABARD in 1992, synthesizing the formal financial system and the informal sector, and is today considered as the largest micro-finance programme in terms of outreach in the world.

The model enables members of an SHG to make small, but regular, savings, which are then revolved or loaned to its members. This model involves the SHGs being financed directly by the **commercial banks, Regional Rural Banks (RRBs)** and **Cooperative Banks**. Similarly, the MFI-bank linkage model covers financing of MFIs by banks and other institutions for on-lending to small borrowers, who may sometimes be organised into joint liability groups. The penetration of the **Micro Finance Institutions is maximum in six states**: Andhra Pradesh, Tamil Nadu, Karnataka, Orissa, Maharashtra and West Bengal.

In India, the absence of a country-wide **social security system** (formal pension coverage being only about 12 per cent of the working population), ageing and social change are important considerations for introducing pension reform in the unorganized sector. To address this problem and to encourage workers in the unorganized sectors, the Government announced the **Swavalamban Scheme in 2010-11**. Under this, the Government contributes Rs 1,000 to each Swavalamban subscriber, who joins the national pension scheme and contributes between Rs 1,000 and Rs 12,000 each year for a minimum of three years. These contributions are invested in different financial instruments whose returns are used to build the pension corpus. The Government is committed to encourage the unorganised sector workers to join the Swavalamban Scheme so that they can lead a safe, secured and dignified life.

But these are only the **initial steps** that have been taken to foster financial inclusion. Over the last 10 years India's per capita income has nearly doubled, with certain years accounting for an 8 per cent GDP growth rate. The banking sector has also grown rapidly during the same period. The deposit base of banking industry has increased by over five times and outstanding credit by over seven times in the last 10 years; helping unlock the potential of people and industries. Today, there is an urgent need to fast-track the financial inclusion initiatives, dovetailing these suitably with the technology that is on hand.

RIGHT TO INFORMATION

Right to information has been seen as the **key to strengthening participatory democracy** and ushering in **people centered governance**. Access to information can **empower the poor and the weaker sections** of society to demand and get information about public policies and actions, thereby leading to their welfare.

Without good governance, no amount of developmental schemes can bring improvements in the quality of life of the citizens. **Good governance has four elements-** transparency, accountability, predictability and participation. **Transparency refers to availability of information** to the general public and clarity about functioning of governmental institutions.

Right to information **opens up government's records to public scrutiny**, thereby arming citizens with a vital tool to inform them about what the government does and how effectively, thus making the government more accountable. Transparency in government organisations makes them **function more objectively** thereby enhancing predictability. Information about functioning of government also enables citizens to **participate in the governance process effectively**. In a fundamental sense, **right to information is a basic necessity of good governance**.

In recognition of the need for transparency in public affairs, the **Indian Parliament enacted the Right to Information Act in 2005**. It is a path breaking legislation empowering people and promoting transparency. While right to information is implicitly guaranteed by the Constitution, the Act sets out the **practical regime for citizens** to secure access to information on all matters of governance.

This law is **very comprehensive and covers almost all matters** of governance and has the widest possible reach, being applicable to government at all levels – Union, State and Local as well as recipients of government grants. Access to information under this Act is extensive with minimum exemptions. Even these exemptions are subject to strict safeguards.

The right to information is necessary due to the following reasons:

- It makes administration more **accountable** to people
- It **reduces the gap** between administration and people.
- It makes people **aware** of administrative decision-making.
- It facilitates **better delivery** of goods and services to people by civil servants.
- It facilitates intelligent and **constructive criticism** of administration.
- It increases **people's participation** in administration.
- It **promotes public interest** by discouraging arbitrariness in administrative decision-making.
- It **reduces the scope for corruption** in public administration.
- It upholds the **democratic ideology** by promoting openness and transparency in administration.
- It makes administration more **responsive** to the requirements of people.

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- It reduces the **chance of abuse** of authority by the public servants.

Sweden was the **first country in the world** to introduce the **right to information**. It had conferred this right on its citizens through a direct constitutional provision, way back in 1766. In this country, access to government documents is a right and non-access an exception. Sweden was followed by other Scandinavian countries but very lately. Thus, **Finland enacted the Freedom of Information legislation** in 1951. **Denmark and Norway** have made the similar legislations in the same year (1970). **USA** has granted the right to information to its citizens by the **Freedom of Information Act (1966)**.

France, Netherlands and Austria have made the similar legislations in the 1970s. **Canada, Australia and New Zealand** have done it in 1982. **Thailand and Ireland** have made the law in the same year (1977). **Bulgaria** enacted it in 2000. In **South Africa**, the right to information is guaranteed by the constitution itself. This right of the citizens has been further reinforced by enacting legislation in 2000. **In Britain**, the Freedom of Information Act came into force in 2005.

RTI IN INDIA: EVOLUTION

The **MKSS** (Mazdoor Kisan Shakti Sangthan), a local NGO in Rajasthan played a pioneering role in mobilising the rural masses to compel government to disclose information about expenditure in rural public works project. Other **major NGOs** that demanded from time to time electoral reforms and freedom of information are **Lok Satta**, People's Union for Civil Liberties (**PUCL**), Association for Democratic Reforms, and others.

Supreme Court in the landmark case of State of Uttar Pradesh vs. Raj Narain (1975) observed that, the right to information is implied in the **right to freedom of speech and expression** under **Article 19 (1)** and right to life guaranteed under Article 21 of the Constitution. Constitution has **no direct provision** expressly conferring right to information.

5th Pay Commission (1994-96) dwelt at length on the need for 'openness' in government defined as 'easy and speedy access to right information'. In **1997**, the Government of India had set up a **Working Group on Right to Information and Promotion of Open and Transparent Government** under the Chairmanship of H.D. Shourie. **Conference of Chief Ministers** in 1997 recognised that secrecy and lack of openness in government business is largely responsible for corruption in official dealings.

NDA Government introduced the Freedom of Information (FOI) Bill, 2000 in Parliament, which, however, could not be pushed through because of lack of political will. Subsequently, Freedom of Information Act (2002) was passed. In order to ensure greater and more effective access to information, the Government resolved that the **Freedom of Information Act, 2002** enacted by the Parliament needs to be made more progressive, participatory and meaningful. In view of significant changes proposed in the existing Act, Government also decided to repeal the Freedom of Information Act, 2002.

The **Right to Information Act, 2005** was passed by the **Lok Sabha on 11th May, 2005** and by the **Rajya Sabha on 12th May, 2005** and it received the

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President's assent on 15th June, 2005.

HINDRANCES TO INFORMATION	STATE INFORMATION ACTS
<ul style="list-style-type: none">▪ Indian Evidence Act, 1872▪ Official Secrets Act, 1923▪ Commission of Enquiry Act, 1952▪ All-India Services (Conduct) Rules, 1954▪ Central Civil Services (Conduct) Rules, 1955▪ Railway Services (Conduct) Rules, 1956	<ul style="list-style-type: none">▪ Tamil Nadu (1st State) - 1997▪ Goa - 1997▪ Rajasthan - 2000▪ Karnataka - 2000▪ Delhi - 2001▪ Maharashtra - 2002▪ Assam - 2002▪ Madhya Pradesh - 2003▪ Jammu & Kashmir - 2004

THE RIGHT TO INFORMATION ACT, 2005

An outstanding feature of the Act is the provision for **Information Commissions**- independent high-level bodies at both the Central and the State levels that are dedicated to **encouraging the citizen's right to know** and enforcing the provisions of the Act.

Information means **any material in any form** including records, documents, memos, e-mails, opinions, advices, press releases, circulars, orders, logbooks, contracts, reports, papers, samples, models, data material held in any electronic form and information relating to any private body which can be accessed by a public authority under any law at the time being in force but **does not include file notings**. The Act overrides the **Official Secrets Act, 1923**, that information commissions can allow access to information if public interest overweighs harm to protected persons.

What 'Public Authority' Means

By or under Constitution or by any other law made by Parliament or State Legislature
By notification issued by appropriate Government & includes anybody owned, controlled or substantially financed
Non-Government organization substantially financed directly or indirectly by the appropriate Government

Public Information Officers (PIOs)

Public Information Officers (PIOs) are officers designated by the public authorities in all administrative units or offices under it to provide information to the citizens requesting for information under the Act. The **duties of a PIO** are following:

PIO shall deal with requests from persons seeking information and where the request cannot be made in writing, to **render reasonable assistance**

PIO shall either provide the information **within 30 days** of receipt of the request

Where a **request has been rejected**, the PIO shall communicate to the reasons for such rejection.

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What Information Excluded From Disclosure

Which affect the sovereignty & integrity of India, security, strategic, scientific or economic interests, relation with foreign State or lead to incitement of an offence.

Expressly forbidden by **any court or tribunal** to be published.

Cause a breach of **privilege of Parliament** or the State Legislature.

Commercial confidence, **trade secrets or intellectual property**.

Available to a person in his fiduciary relationship.

Received in **confidence from foreign government**, the disclosure of which would endanger the life or physical safety of any person.

Impede **process of investigation**.

Cabinet papers including records of deliberations of the Council of Ministers.

Personal information, the disclosure of which has no relationship to any public.

All exempted information can be **disclosed after 20 years** with few exemptions.

Who is excluded?

Central Intelligence & Security agencies specified in 2nd Schedule

Agencies specified by the State Governments through a Notification. The exclusion, however, is **not absolute** and these organizations have an obligation to provide information pertaining to allegations of corruption and human rights violations.

Further, information relating, to allegations of **human rights violations** could be given **but only with the approval** of Central or State Information Commission.

Applications for Information

- **Application Procedure** for requesting information is to apply **in writing or through electronic means** in English or Hindi or in the official language of the area, to the PIO; reasons for seeking information are required to be given.
- The time limit to get the information:
30 days from the date of application
48 hours for information concerning the **life or liberty** of a person
If the interests of a **third party** are involved then time limit will be **40 days**
- No **fees** will be charged from people living below the poverty line.
- It carries **strict penalties** for failing to provide information which include departmental proceedings against the erring official, and a fine of **Rs. 250 per day** (subject to a **maximum of Rs 25000**) if information is delayed beyond 30 days without reasonable cause.
- The appeal against denial of information lies first to superior PIO, then to Information Commission and then to High Court.

CENTRAL AND STATE INFORMATION COMMISSIONS

Central Information Commission is to be constituted by the Central Government. It includes 1 Chief Information Commissioner (CIC) and not more than 10 Information Commissioners (IC) who will be **appointed by the President**.

Appointment Committee includes PM (Chair), Leader of the Opposition in the Lok Sabha and 1 **Union Cabinet Minister** to be nominated by the Prime Minister. **Oath of office** will be administered by the Governor according to the form set out in the

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First Schedule.

CIC/IC must be **persons of eminence in public life** with wide knowledge and experience in law, science and technology, a social service, management, journalism, mass media or administration and governance.

CIC/IC shall not be Member of the Legislature of any State or UT. He shall not hold any other office of profit or, connected with any political party or carrying on any business or pursuing any profession.

CIC and ICs shall be appointed for a term of **5 years** from the date on which he enters upon his office or till he attains the age of **65 years**, whichever is earlier. They are **not eligible for re-appointment**. IC is eligible for appointment as CIC but will not hold office for more than a total of 5 years including his/her term as IC.

Salary of CIC will be the same as that of the **Chief Election Commissioner** and that of ICs equivalent to Election Commissioner. This will not be varied to their disadvantage.

Commission shall have its Headquarters in **Delhi**.

State Information Commission will be constituted by the State Government. It will have 1 State Chief Information Commissioner (SCIC) and not more than 10 State Information Commissioners (SIC) to be appointed by the Governor.

Appointments Committee will be headed by the CM. Other members include the Leader of the Opposition in the Legislative Assembly and 1 Cabinet Minister nominated by the Chief Minister.

The **qualifications** for appointment as SCIC/SIC shall be the same as that for Central Commissioners.

The salary of the State Chief Information Commissioner will be the same as that of an Election Commissioner. The salary of the State Information Commissioner will be the same as that of the **Chief Secretary** of the State Government.

Central Information Commission/State Information Commission has a **duty to receive complaints** from any person who has been refused information or received no response or thinks information given is incomplete or false or thinks the fees charged are un-reasonable;

CIC/SCIC will have **powers of Civil Court**

CIC will send an annual **report** to the Central Government at the end of the year to be placed before Parliament. SIC will send a report to the State Government to be placed before Vidhan Sabha

OFFICIAL SECRETS ACT AND OTHER LAWS

The **most contentious issue** in the implementation of the Right to Information Act relates to **official secrets**. In a democracy, people are sovereign and the elected government and its functionaries are public servants. Therefore by the very nature of things, **transparency should be the norm** in all matters of governance. However it is well recognized that public interest is best served if certain sensitive matters affecting national security are kept out of public gaze.

Similarly, the **collective responsibility of the Cabinet** demands uninhibited debate on public issues in the Council of Ministers, free from the pulls and pressures of day-to-day politics. The Act recognizes **these confidentiality requirements** in matters of State and **Section 8 of the Act** exempts all such matters from disclosure.

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The Official Secrets Act, 1923 (OSA), enacted during the colonial era, governs all matters of secrecy and confidentiality in governance. The law largely deals with **matters of security** and provides a framework for dealing with espionage, sedition and other assaults on the unity and integrity of the nation. However, given the colonial climate of mistrust of people and the primacy of public officials in dealing with the citizens, OSA created a **culture of secrecy**.

Confidentiality became the norm and disclosure the exception. This tendency was buttressed by the **Civil Service Conduct Rules, 1964** which prohibit communication of an official document to anyone without authorization. Not surprisingly, **Section 123 of the Indian Evidence Act**, enacted in 1872, prohibits the giving of evidence from unpublished official records without the permission of the Head of the Department, who has abundant **discretion in the matter**.

THE OFFICIAL SECRETS ACT

Section 5 of OSA, is the catch all provision. As per this Section, any person having information about a prohibited place, or such information which may help an enemy state, or which has been entrusted to him in confidence, or which he has obtained owing to his official position, **commits an offence** if (s)he communicates it to an unauthorized person, uses it in a manner **prejudicial to the interests of the State**, retains it when (s)he has no right to do so, or fails to take reasonable care of such information. Any kind of information is covered by this **Section if it is classified as 'secret'**. The word 'secret' or the phrase 'official secrets' has **not been defined in the Act**. Therefore, public servants enjoy the discretion to classify anything as 'secret'.

The Supreme Court in **Sama Alana Abdulla vs. State of Gujarat (1996)** has held: (a) that the word 'secret' qualified official code or password and not any sketch, plan, model, article or note or other document or information and (b) when the accused was found in conscious possession of the material (map in that case) and no plausible explanation has been given for its possession, it has to be presumed as required by of the Act that the **same was obtained or collected by the appellant for a purpose prejudicial to the safety or interests of the State**.

Therefore, a sketch, plan, model, article, note or document need not necessarily be secret in order to be covered by the Act, provided **it is classified as an 'Official Secret'**. Similarly, even information which does not have a bearing on national security **cannot be disclosed** if the public servant obtained or has access to it by virtue of holding office. Such illiberal and draconian provisions clearly bred a culture of secrecy. Though the **RTI Act now overrides these provisions** in relation to matters not exempted by the Act itself from disclosure, the fact remains that OSA in its current form in the statute books is an anachronism.

The Law Commission in its 43rd Report (1971) summarized the difficulties encountered with the all inclusive nature of Section 5 of OSA, in the absence of a clear and concise definition of 'official secret'. **The Law Commission recommended consolidation of all laws** dealing with national security and suggested a —National Security Bill. The various enactments in force in India dealing with offences against the national security are:

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chapters 6 and 7 of the Indian Penal Code ;
the Foreign Recruiting Act, 1874;
the Official Secrets Act, 1923;
the Criminal Law Amendment Act, 1938;
the Criminal Law Amendment Act, 1961; and
the Unlawful Activities (Prevention) Act, 1967.

The National Security Act (NSA), subsequently enacted in 1980, essentially replaced the earlier Maintenance of Internal Security Act and deals only with preventive detention. Therefore, a new chapter needs to be added to the NSA incorporating relevant provisions of OSA and other laws dealing with national security.

Working Group constituted under the Chairmanship of Shri H. D. Shourie on –Right to Information and Transparency, 1997. The Shourie Committee recommended a comprehensive amendment of **Section 5(1)** to make the penal provisions of OSA applicable only to violations affecting national security.

However the Ministry of Home Affairs, on consultation expressed the view that there is no need to **amend OSA as the RTI Act** has overriding effect. **OSA, in its present form is an obstacle for creation of a regime of freedom of information**, and to that extent the provisions of OSA need to be amended. **Shourie Committee** reconciles harmoniously the need for transparency & imperatives of national security.

Recommendations of 2ND ARC

- a. **The Official Secrets Act, 1923 should be repealed**, and substituted by a chapter in the National Security Act, containing provisions relating to official secrets.
- b. The equivalent of the **existing Section 5**, in the **new law may be on the lines recommended by the Shourie Committee as quoted below.**

-5(1): If any person, having in his possession or control any official secret which has come into his possession or control by virtue of:

his holding or having held an office with or under government, or
a contract with the government, or

it being entrusted to him in confidence by another person holding or having held an office under or with the government, or in any other manner,

communicates, without due authority such official secret to another person or uses it for a purpose other than a purpose for which he is permitted to use it under any law for the time being in force; or

fails to take reasonable care of, or so conducts himself as to endanger the safety of the official secret; or

willfully fails to return the official secret when it is his duty to return it,

shall be **guilty of an offence** under this section.

- c. **Section 5(2):** Any person voluntarily receiving any official secret knowing or having reasonable ground to believe, at the time he receives it, that the official secret is communicated in contravention of this Act, **shall be guilty of an offence under this section.**

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- d. **Section 5(3):** A person guilty of an offence under this section shall be punishable with imprisonment for a term which may extend to **three years or with fine or with both.**
- e. **Section 123 of the Indian Evidence Act, 1872 should be amended** to read as follows:
- **Section 123 (1):** Subject to the provisions of this section, **no one shall be permitted to give** any evidence derived from official records, which are exempt from public disclosure under the RTI Act, 2005.
 - **Section 123 (2):** Where he withholds such permission, he shall **make an affidavit** containing a statement to that effect and setting forth his reasons there for.
 - **Section 123 (3):** Where such officer has withheld permission for the giving of such evidence, the Court, after considering the affidavit or further affidavit, and if it so thinks fit, after examining such officer or, in appropriate cases, the Minister, **orally:**
 - a. **shall issue a summons** for the production of the unpublished official records concerned, if such summons has not already been issued
 - b. **shall inspect** the records in chambers; and
 - c. **shall determine the question** whether the giving of such evidence would or would not be injurious to public interest, recording its reasons therefore.
 - **Section 123 (4):** Where, under **sub-section (3)**, the Court decides that the giving of such evidence would not be injurious to public interest, the provisions of **subsection (1) shall not apply** to such evidence.

Provided that in respect of information classified as **Top Secret** for reasons of national security, only the High Court shall have the power to order production of the records.¶

Explanation: For the purpose of this section, 'Official Secret' means any information the disclosure of which is likely to prejudicially affect the sovereignty and integrity of India, the security of State, friendly relations with foreign states, economic, commercial, scientific and technological matters relating to national security and includes: any secret code, password, sketch plan, model, article, note or document in relation to a prohibited place.¶

Section 124 of the Indian Evidence Act will become redundant on account of the above and will have to be repealed.

THE OATH OF SECRECY

A Union Minister, while assuming office, is administered an oath of secrecy. A Minister in the State Government takes a similar oath. The National Commission to Review the Working of the Constitution (**NCRWC**), while examining the Right to Information had the following to say: The traditional insistence on secrecy should be discarded. **In fact, we should have an oath of transparency in place of an oath of secrecy**¶.

A Minister is a bridge between the people and the Government and owes his primary allegiance to the people who elect him. The existence of this provision of oath of secrecy and its administration along with the oath of office appears to be a

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legacy of the colonial era where the public was subjugated to the government. **However, national security and larger public interest** considerations of the country's integrity and sovereignty may require a Minister or a public servant with sufficient justification not to disclose information. But a very public oath of secrecy at the time of assumption of office is both unnecessary and repugnant to the principles of democratic accountability, representative government and popular sovereignty.

Recommendations of 2nd ARC

- a. As an **affirmation of the importance of transparency** in public affairs, Ministers on assumption of office may take an oath of transparency along with the oath of office and the requirement of administering the oath of secrecy should be dispensed with. **Articles 75(4) and 164 (3)**, and the Third Schedule should be suitably amended.
- b. **Safeguard against disclosure of information** against the national interest may be **provided** through written undertaking by incorporation of a clause in the national security law dealing with official secrets.

EXEMPTED ORGANIZATIONS

Certain categories of organizations have been exempted from the provisions of the Act: The list of organizations includes Border Security Force (BSF), Central Reserve Police force (CRPF), Assam Rifles etc., but the **Armed Forces have been left outside the purview of the Act**. When organizations such as BSF, CRPF, Assam Rifles are exempted, there is no rationale for not exempting the Armed Forces as well. **The Second schedule needs to be periodically revised** to include or exclude organizations in keeping with changing needs.

The Act provides for disclosure when allegations of corruption and human rights abuses are made even in respect of the organizations included in the Second Schedule. Therefore, by **including Armed Forces in the Second Schedule**, while national security is safeguarded, disclosure is **still mandatory** when public interest demands it.

The organizations included in the Second Schedule **need not appoint PIOs**. A question arises that in case of request for information pertaining to allegations of corruption and.

Recommendations of 2nd ARC

- a. The Armed Forces should be included in the Second Schedule of the Act.
- b. The Second Schedule of the Act may be reviewed periodically.
- c. All organizations listed in the Second Schedule have to appoint PIOs. Appeals against orders of PIOs should lie with CIC/SICs.

THE CENTRAL CIVIL SERVICES (CONDUCT) RULES

The Central Civil Services (Conduct) Rules **prohibit unauthorized communication of information** (similar provisions exist for the state government employees under their respective Rules). **The Shourie Committee** examined this issue

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and stated as follows: - There is a widespread feeling that the Central Civil Services (Conduct) Rules, 1964, and corresponding rules applicable to Railways, Foreign Services and All India Services, inhibit government servants from sharing information with public. The accent in these rules is on denial of information to public.

The Central Civil Services (Conduct) Rules **were formulated when the RTI Act did not exist**. The spirit of these Rules is to hold back information. With the emergence of an era of freedom of information, **these Rules would have to be recast so** that dissemination of information is the rule and holding back information is an exception. The Department of Personnel and Training has **amended the Civil Services (Conduct) Rules on these lines in Oct. 2005**. However all States need to amend rules in a similar manner in keeping with the letter and spirit of RTI Act.

Recommendations of 2nd ARC

a. Communication of Official Information: -Every Government servant shall, in performance of his duties in good faith, **communicate to a member of public or any organisation full and accurate information**, which can be disclosed under the Right to Information Act, 2005.¶

Explanation – Nothing in this rule shall be construed as permitting communication of classified information in an unauthorized manner or for improper gains to a Government servant or others.¶

THE MANUAL OF OFFICE PROCEDURE

The Manual of Office Procedure was prepared **when the RTI Act was not in existence**. These provisions are **totally violative of the Act** and hence need to be brought in conformity with the Act. The Act also **defines –information**¶ to mean any material in any form, including records, documents, memos, e-mails, opinions, advices, press releases, circulars, orders, log books, contracts, reports, papers, samples, models, data material held in any electronic form and information relating to any private body which can be accessed by a public authority under any other law for the time being in force. Thus **notings and files per se will not become confidential and inaccessible unless** they are classified as such and are declared to be covered under exemption provisions of **Section 8(1) of the Act**. To bring it in conformity with the Act, the provisions regarding unauthorized communication of official information and confidential character of notes / files will have to be amended.

CONFIDENTIALITY CLASSIFICATION

Classification of information

Apart from the somewhat indiscriminate application of OSA to information which was not intended to be secret, **a major contributor to the culture of secrecy** in the government is the tendency to classify information even where such classification is clearly unwarranted. The Government of India has **issued detailed instructions** pertaining to safeguarding information in its possession, the unauthorized disclosure of

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which would cause damage to national security or would cause embarrassment to the Government in its functioning or would be prejudicial to national interest.

These instructions, which are contained in the **Manual of Departmental Security Instructions** and the **Manual of Office Procedure**, lay down guidelines to give a security classification to a record based on the degree of confidentiality required. They also describe the manner in which each of such classified information should be handled and the persons who can access such information.

The Manual of Departmental Security Instructions **deals with classification of documents and records** involving national security and sensitive matters. Once information gets a security classification it moves out of the public domain. Even the RTI Act respects the need to keep certain information outside the public domain. Section 8 of the Act lists out the exemptions under which the PIO need not give information. However it is necessary to harmonise security classification with the provisions of the Act.

The task of **classifying a document is vital in the larger national interest**, and should be handled with great caution as any security classification denies access of information to public. Therefore only officers of sufficient seniority should be empowered to classify documents. Moreover under the existing instructions, information once classified continues to be so **without any time limit**. In other countries, even war secrets are brought into public domain after a lapse of a specified period, usually 30 years. It is **therefore necessary to review** such classified documents after a reasonable period of, say 30 years (the period can be even less in case of some documents).

Further, the hierarchy of security classification needs to be rationalized, reflecting the scheme of exemptions under the Act and emerging challenges. The Act has **listed 11 categories of exemption** wherein information may not be given out. The classification system should broadly cover each of these categories of information. Although the **11 categories of information** are fairly exhaustive and cover almost all possible situations for keeping information secret, some situations which demand secrecy seem to remain out of these exemptions like confidential reports of officials, and question papers of examinations. Information in these cases should also be covered by exemptions.

IMPLEMENTATION OF THE RIGHT TO INFORMATION ACT

In order to enforce the rights and fulfill the obligations under the Act, building of institutions, organization of information and creation of an enabling environment are critical. The **steps taken so far to implement the Act** as follows:

BUILDING INSTITUTIONS

- a. Information Commissions
- b. Information Officers and Appellate Authorities

INFORMATION AND RECORD KEEPING

- a. Suo motu declaration under section 4
- b. Public Interest Disclosure

- c. Modernizing record keeping

CAPACITY BUILDING AND AWARENESS GENERATION

- a. Organizing Information and Record Keeping
- b. Training Programmes
- c. Awareness Generation

MONITORING MECHANISM

NEED FOR A COORDINATION MECHANISM

1. Building Institutions:

Information Commissions: Government of India (GOI) constituted the Central Information Commission (CIC) with a **Chief Information Commissioner** and **four Information Commissioners**.

The Act provides for selection of CIC and SICs in a bipartisan manner, and involves the Leader of the Opposition in the process. Since the Act is applicable to **all three organs of the State**, it would be appropriate to include in the selection committee the Chief Justice of the Supreme Court or High Court as the case may be. This will inspire public confidence and enhance the quality of the selection.

The Act **allows for dispersal of Information Commissions** to provide easy access to citizens. However neither the CIC nor the SICs have established offices at places other than the Capitals. For an overly citizen friendly law to be effectively implemented it is **vital to have easy access** in a vast country like ours. **CIC should be dispersed** in at least 4 regions. Similarly the SICs in larger States should be dispersed depending on population density and geographical area.

The Act visualizes a Commission wherein the **Members represent different sections of the society**. The State Governments are still in the process of appointing Information Commissioners, but an analysis of the background of the State Chief Information Commissioners indicates the preponderance of persons with civil service background. Members with civil services background no doubt bring with them wide experience and an intricate knowledge of government functioning; however to inspire public confidence and in the light of the provisions of the Act, **it is desirable that the Commissions have a large proportion of members with non civil services background**.

2. Designating Information Officers and Appellate Authorities:

All Union Ministries/Departments have **designated PIOs** thus complying with the stipulation of designating PIOs. Where more than one PIO is appointed for an office an applicant is likely to face difficulty in accessing the appropriate PIO. Thus it is desirable to designate a nodal PIO/APIO in such cases.

The Commission also noted that in GOI the level of PIOs varied from Joint Secretary to Under Secretary. Ideally the PIO should be of a **sufficiently senior rank** to be able to access information and furnish it in an intelligible and useful manner. The **law**

does not specifically provide for designating of appellate authorities as it does in case of PIOs. As a result there is avoidable confusion about the identification of appellate authorities. This needs to be rectified.

3. Organizing Information and Record Keeping:

Pro-active disclosure of important information by governmental agencies constitutes the essence of transparency in governance. Keeping in view this philosophy, the Act emphasises **suo motu disclosure**, and stipulates publication of prescribed information by all public authorities. A sample study of the disclosures shows that these are often perfunctory and lacking in substance. This underscores the need for devising protocols and effective monitoring of suo motu disclosures.

Even when the suo motu disclosure is of an acceptable quality the **question of its access still remains**. While the present **practice of web publication** should continue with regular up-dating, a printed priced publication in the local language, revised periodically (at least once a year) should be available in each public office and supplied on demand.

One important class of disclosures **not covered under the Act is public interest disclosure**. Interestingly, it is recognized in many democracies that an honest and conscientious public servant who is privy to information relating to gross corruption, abuse of authority or grave injustice **should be encouraged to disclose it in public interest** without fear of retribution. Therefore, **confidentiality of the whistle blower** in such cases if she/he seeks it as well as protection from harassment by superiors should be integral to the transparency regime. **The Law Commission**, in its 179th report (2001) **recommended** enactment of **Public Interest Disclosure (Protection) Law**.

Perhaps the **weakest link in our information system is the total neglect of record keeping**. The **Tenth Finance Commission** took note of it and recommended special grants to the States for improving record keeping. Unfortunately, land records updating and maintenance has suffered great neglect after Independence.

In many states, significant proportions of **land records no longer exist**; they are often fragile when they exist; and comprehensive land surveys have not been carried out over the past 70 years anywhere in India. **This vital area of administration**, while it is a part of land management, also forms an important part of transparency in governance. A one-time effort to update all land records, and ensure proper storage and retrieval is filled an entire room is necessary.

In many subordinate offices/ agencies of GOI and State Governments, **record keeping procedures often do not exist**. And where they exist, they are rarely followed. In most cases record keeping procedures have not been revised for decades. Even when records are stored, retrieval of intelligible information is virtually impossible. While commendable efforts have been made by a few public authorities to digitize their records and store them in an **easily retrievable manner**, these are largely pilot projects limited to a few islands of excellence.

Right to Information would be **honored only if the information exists and when it exists, it is easily retrievable and intelligible**. A combination of

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measures is required to achieve this: record keeping procedures need to be developed, reviewed and revised; cataloguing, indexing and orderly storage should be mandatory; all documents need to be converted into rational, intelligible, retrievable information modules. A road map needs to be made for digitizing of records.

Laying down meticulous procedures and creating required infrastructure by themselves would not suffice. A permanent mechanism with sufficient authority, expertise and responsibility needs to be created in each government to coordinate and supervise proper record-keeping. Therefore an **independent Public Records Office (PRO)** should be established in GOI and in each State Government. The Public Records Office should function under the **overall guidance and supervision of CIC or SIC**, as the case may be.

The Public Records Office would be a repository of technical and professional expertise in management of public records. Adequate funding needs to be assured for these agencies. As a one-time measure, the GOI may allocate one per cent (1%) of funds of the **'Flagship Programmes'** for a period of five years for improving the infrastructure, creating manuals, providing technical support and establishing Public Records Offices. GOI may have to separately consider creating a special fund for survey and updating of land records.

4. Training Programmes:

The enactment of Right to Information Act is only the first step in promoting transparency in governance. The real challenge lies in ensuring that the information sought is provided expeditiously, and in an intelligible form. **The mindset of the government functionaries**, wherein secrecy is the norm and disclosure the exception, **would require a revolutionary change**. Such a change would also be required in the **mindset of citizens** who traditionally have been reluctant to seek information.

Bringing about this radical change would require **sustained training and awareness generation programmes**. The Information Commissioner's Office in the United Kingdom has published an 'Awareness Guidance' series to assist public authorities and, in particular, staffs who may not have access to specialist advice about some of the issues, especially exemption provisions. This practice may also be adopted in India.

5. Awareness Generation:

The enactment of the **Right to Information Act** has led to an intense debate in the media on various aspects of freedom of information. Despite this, enquiries reveal that level of awareness, particularly at the **grass roots level**, is surprisingly low. In order to achieve the objectives of the Act it would be necessary that citizens become aware of their entitlements and the processes required to use this right to improve the quality of governance. **Awareness generation** so far has been largely confined to government advertisement in print media. An effective awareness generation campaign should involve multimedia efforts including street plays, **television spots, radio jingles**, and other mass communication techniques.

6. Monitoring Mechanism:

A strong monitoring mechanism is a basic necessity for ensuring successful implementation of the Act. The monitoring mechanism apart from exercising a supervisory role should be able to **detect problems in the process of implementation** and trigger corrective measures. This monitoring should be done at several levels –within the public authority, for a group of authorities in a territory, for a whole state and the country. For each department/agency, the head of the organization will be responsible for monitoring.

7. Need For A Coordination Mechanism:

Although the Act is applicable to both the Union and state governments, the field situation varies from state to state. Moreover the **State Information Commissions** are independent of the **Central Information Commission**. It would be advisable in public interest if all the Information Commissions **can share perspectives and experiences**. This would **avoid duplication of efforts**, minimize litigation and ensure uniform application of the Act throughout the country. Some of the good practices in a state or public authority could be adapted for use in other public authorities/states also.

A National Coordination Committee (NCC) may be set up under the chairpersonship of the Chief Information Commissioner with the nodal Union Ministry, the SICs and representatives of States as members. A provision to this effect may be made under **Section 30 of the Act** by way of removing difficulties. **The National Coordination Committee would:**

1. serve as a national platform for effective implementation of the Act,
2. document and disseminate best practices in India and elsewhere,
3. monitor the creation and functioning of the national portal for Right to Information,
4. review the Rules and Executive orders issued by the appropriate governments under the Act,
5. carry out impact evaluation of the implementation of the Act; and
6. perform such other relevant functions as may be deemed necessary

ISSUES IN IMPLEMENTATION

The implementation of the RTI Act is an **administrative challenge** which has thrown up various structural, procedural and logistical issues and problems, which **need to be addressed in the early stages**. Some of the problem areas in implementation are:

FACILITATING ACCESS

For seeking information, a process as prescribed under the Act has to be set in motion. The trigger is filing of a request. Once the request is filed the onus of responding to it shifts to the government agency. **A number of difficulties/impediments were noted:**

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- 1. Complicated System Of Accepting Requests:** While accepting applications, Departments insist that cash be paid at the accounts office. In Ministries, the accounts office and the PIOs office are different and at times in different locations. **The Rules also prescribe that for each extra page of information, Rs. 2 has to be paid,** for which the applicant has to go through the same process. The difficulty would get further pronounced in field offices, many of which do not have provision to collect cash. Moreover, getting a visitor's pass to enter a government building results in unwarranted waiting time. Therefore, the **process of filing requests for information needs to be simplified.**
- 2. Insistence on Demand Drafts:** Though there is a provision to pay fees through bank drafts, this poses another problem, as the bank charges Rs 35 to prepare a demand draft of Rs 10. Therefore the insistence by some departments to receive fees only through demand drafts and not in cash needs to be dispensed with.
- 3. Difficulties in Filing Applications By Post:** Under the existing dispensation, filing applications by post would necessarily involve payment of the application fee by way of demand draft or Banker's cheque. Therefore there has to be a mechanism by which requests for information are made possible through post.
- 4. Varying And Often Higher Rates Of Application Fee:** Different States have prescribed different fees in this regard. The Tamil Nadu Right to Information (Fees) Rules provides that an application fee of Rs 50 has to be paid for each request. Therefore there is a need to harmonize the fee structure.

Recommendations of 2nd ARC

1. State Governments **may issue appropriate stamps** in suitable denominations as a mode of payment of fees. Such stamps would be used for making applications before public authorities coming within the purview of State Governments.
2. As all the post offices in the country have already been authorized to function as APIOs on behalf of Union Ministries/Departments, they **may also be authorized to collect the fees in cash and forward a receipt along with the application.**

INVENTORY OF PUBLIC AUTHORITIES:

The Act defines public authorities to include a vast array of institutions and agencies. For people to access information, a catalogued and indexed list of all public authorities is necessary. Second ARC has recommended that-

- a. At the Government of India level the Department of Personnel and Training has been identified as the nodal department for implementation of the RTI Act. This nodal department **should have a complete list** of all Union Ministries/ Departments which function as public authorities.
- b. Each public authority should have the **details of all public authorities subordinate to it** at the immediately next level. This should continue till the last level is reached. All these details should be made available on the websites of the respective public authorities, in a hierarchical form.
- c. A **similar system should also be adopted by the States.**

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SINGLE WINDOW AGENCY AT DISTRICT LEVEL

Presently almost all departments and agencies of the State Government are represented at the District level. All these offices are **often dispersed and most citizens would be unaware** of their location. Therefore it is necessary to have a **Single Window Agency**, which could receive requests for information on behalf of the public authorities/PIOs which have **jurisdiction over the district** and then forward them to the respective public authority/PIO. This, apart from helping the public would also help in keeping track of the applications.

SUBORDINATE FIELD OFFICES AND PUBLIC AUTHORITIES

'Public authority' has been defined as any authority or body or institution of self-government established or constituted by or under the Constitution, by any other law made by Parliament, by State Legislatures, and by any notification issued by the appropriate Government, **including institutions substantially funded by the appropriate Government.**

This would **extend the spread of public authorities** to the level of panchayats and village patwaris across the country. Public authorities at the lower end of the administrative and/or functional hierarchies need to be identified to discharge responsibilities under of the Act, as they are closest to the people both physically and functionally.

APPLICATION TO NON GOVERNMENTAL BODIES

Under the Act, **a non-governmental body needs to be substantially financed by government** to be categorized as a public authority under the Act. There is however no definition of 'substantially financed'.

A comparison with laws of other countries reveals interesting facts. **Section 5 of the FOI Act (UK)** gives the Secretary of State, power to designate private organisations as public authorities if either they appear to him to be performing functions of a public nature; or they are carrying out functions under contract with a public authority which would otherwise be up to the authority to provide. **A small number of 'wholly publicly-owned' companies are subject** to the Freedom of Information Act in UK but the vast majority of private companies are not.

In the wake of outsourcing of functions which traditionally were performed by government agencies, it is desirable that institutions that enjoy a natural monopoly, or whose functions impinge on citizens' lives substantially, **must come under the provisions of the RTI Act.** Also it may be desirable to define what 'substantially financed' would mean, otherwise different authorities may interpret this in different ways.

Norms should be laid down that **any institution or body that has received 50% of its annual operating costs, or a sum equal to or greater than Rs.1 crore** during any of the preceding 3 years should be understood to have obtained 'substantial funding' from the government for the period and purpose of such funding. Any information which, if it were held by the government, would be subject to disclosure

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under the law, must **remain subject to such disclosure** even when it is transferred to a non-government body or institution.

TIME LIMIT FOR INFORMATION BEYOND 20 YEARS

RTI Act stipulates that any **information relating to any occurrence**, event or matter which has taken place, occurred or happened twenty years before the date on which any request is made **under section 6** shall be provided to any person making a request under that section:ll

A **uniform limit of 20 years** may on a few occasions pose problems for the Public Authorities as well as the applicants. There are a significant percentage of records which is permanent in nature. These include the records of rights maintained by the State Land Revenue Department, the Registrars and Sub Registrars of Lands, important Court Rulings, important files regarding policy decisions in various Public Authorities, Birth and Death Registrations etc. In such cases requests are received for events which may be well beyond 20 years. **On the other hand most public records are not maintained for 20 years.** This is prescribed by the Manual of Office Procedure in the Government of India.

The stipulation of making available 20-year old records on request **should be applicable only to those public records** which need to be preserved for such a period. In respect of all other records, the period of availability will be limited to the period for which they should be preserved under the record keeping procedures.

MECHANISM FOR REDRESSAL OF PUBLIC GRIEVANCES

Experience has shown that functionaries/departments tend to be defensive rather than proactive in redressing a grievance (or even in disclosing information) particularly when it directly pertains to their conduct (or misconduct). This underlines the need for an **independent forum to hear complaints** into acts of omission and commission, harassment, corruption etc. which emerge either through information collected under the Right to Information Act or otherwise. Such an independent body should hear the citizen and the public authority, come to an early conclusion about how the complaint can be best redressed.

A successful example of this mechanism is the **Public Grievances Commission** (PGC) set up by the **Delhi Government in 1997**. When the Delhi Right to Information Act came into force in 2001, the PGC was made the appellate authority to decide appeals under the Act. Because of this arrangement the PGC has become an effective –single window authority which facilitates access to information and when required provides a platform for redressing the citizen's grievances as well.

FRIVOLOUS AND VEXATIOUS REQUESTS

The highlight of the Act is that the information seeker **-shall not be required to give any reason for requesting the information** or any other personal detailsll. However certain instances in which the requests were patently frivolous or vexatious (or mala fide). There are also cases in which **public servants under a cloud** and facing grave disciplinary charges have repeatedly attempted to use the Act to

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intimidate, harass or at times even humiliate seniors with requests that have been vexatious. If safeguards are not provided in such situations, there could be three dangers.

First, **such frivolous or vexatious requests may overwhelm the system and defeat the very purpose of the Act.** Second, the even tenor of the administration may be paralysed, seriously undermining delivery of services. **Third**, if public servants facing serious charges successfully resort to such tactics directly or through proxies it may lead to breakdown of discipline, insubordination and disharmony in public institutions.

The South African Act reads as follows: The information officer of a public body may refuse a request for access to a record of the body, when

- a. the request is manifestly frivolous or vexatious: or
- b. the work involved in processing the request would substantially and unreasonably divert the resources of the public body

However all precautions must be taken to ensure that genuine requests for information are **not branded as ‘frivolous’ or ‘vexatious’**. Nor should information be denied casually on the ground that —the work involved in processing the request would substantially and unreasonably divert the resources of the public body. Therefore a **safeguard needs to be inserted in all such cases of refusal.**

Recommendations of 2nd ARC

- a. Section 7 may be amended to **insert sub section (10)** as follows: —The PIO may **refuse a request for information** if the request is manifestly frivolous or vexatious.

Provided that such a **refusal shall be communicated within 15 days** of receipt of application, with the prior approval of the appellate authority.

Provided further that **all such refusals shall stand transferred to CIC/SIC**, as the case may be and the CIC/SIC shall dispose the case as if it is an appeal under section 19(3) of the RTI Act.

- b. It may be provided that information can be denied if the work involved in processing the request would substantially and unreasonably divert the resources of the public body.

APPLICATION OF THE ACT TO THE LEGISLATURE AND JUDICIARY

The definition of public authority under **Section 2(b)** includes **any authority**, or body, or institutions of self government, established or constituted by or under the Constitution, or any law made by Parliament or State Legislature, or by a notification or order of the appropriate government.

Section 2(e) therefore includes, the presiding officers of the Legislature at the Union and State levels as well as the Chief Justices of the Supreme Court and High Courts. The intent of the Parliament to make the law applicable to all public institutions including the Legislatures and Judiciary is clearly evident.

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In the Executive branch, traditionally secrecy has been the norm throughout the world, so also in India. The Legislatures and the Judiciary in India already operate within the public eye to a far greater extent than the Executive. **The proceedings of the Legislatures are open to public and media** and even telecast live in recent years. Similarly, all judicial processes are in the public domain and hence totally transparent. There is need to bring uniformity in the information recording systems, introduce standard forms and a better system of classification of cases.

Legislatures are storehouses of enormous amount of information on public policies and executive actions. However, there are two problems. **First** the information is disaggregated and not adequately synthesized. **Second**, while information is available to legislators, it is **very hard for citizens to access** it. In order to address these issues, all information with the legislatures needs to be indexed, catalogued and computerized, with online access to all citizens and supply on demand.

Apart from law making, **the Legislature exercises oversight function over the Executive branch**. Parliamentary (Legislative) questions, proceedings of various committees, follow up action on the reports of CAG, action taken reports submitted by the government are a **few vital mechanisms** for such legislative oversight. However, except through media reports, the citizens rarely have direct access to such information. This lacuna needs to be addressed by making all such information available to the public both online (electronic) and on demand (print).

Equally important is a **computerized tracking mechanism**, so that the legislators as well as the general public can trace the sequence of events and compliance by the executive agencies on matters like petitions, **CAG reports** and action taken on reports of enquiry commissions or **House committees**.

In most democracies, a major part of the legislative work is conducted in Committees. However, the work of legislative committees in India has generally been away from the public and media gaze. **The spirit of democracy** as well as the letter of law demands that all work of legislative committees, save on matters exempted from public gaze under the Act for reasons of state or privacy, should be thrown open to public and media policy.

As mentioned earlier the **judicial processes are transparent**. Even on the administrative front, the last decade has seen major strides made by judiciary in use of information technology for better court management and providing information to the litigants. In the Supreme Court of India and all High Courts, **fresh cases are filed only before the computerized filing counters**; cause lists are generated automatically by the computer and manual intervention has been eliminated resulting in generation of Cause List in time without any hurdles; **a software (COURTNIC)** provides Supreme Courts' pending case status information to litigants/advocates on any node of NICNET; The Supreme Court of India and all the High Courts and their Benches are fully computerised, and all these courts generate daily and weekly causelists from the computer servers installed by NIC.

A prerequisite for making the administrative processes in the district and the subordinate courts **totally transparent is their computerization**. This is necessitated because of the sheer volume of records handled. Furthermore, the

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records of these courts require scientific storage, indexing and cataloguing thereby **facilitating easy access.**

IMPACT OF RTI IN GOOD GOVERNANCE

- **Greater Transparency:** With a view to ensuring maximum disclosure of information regarding government rules, regulations and decisions, every public authority is mandated to maintain all its records. This has **increased the interaction** between the public authorities and the society.
- **Citizen-Centric Approach to Development:** Now Govt. has shifted to citizen centric approach of development. Now the Government is aware of this fact that the citizens can ask for any type of information and now the approach is concerned with the development of the country.
- **Democratization of information and knowledge:** Information and knowledge regarding the activities of the government is easily available now. The Govt. is easily assessable.
- **Reduction in Corruption:** Lack of transparency and accountability encourage the government officials to indulge in corrupt practices, which result in lower investments due to misuse or diversion of funds for private purposes. But RTI Act has reduced corruption to a great deal because Govt. is aware of the fact that now it can be asked for any type of information so it needs to be cautious.
- **Promotion of Citizen-Government Partnership:** The RTI Act provides a framework for promotion of citizen-government partnership in carrying out the programmes for welfare of the people.
- **Greater Accountability:** It means that the Govt. is required or expected to justify actions or decisions which it is taking. If anyone isn't getting the benefits which come under the Govt. policies then he/she can make use of RTI Act.

Various Govt. Schemes where it made great impact are:

National Rural Employment Guarantee Scheme
Sarva Shiksha Abhiyan (Education for all)
Mid-day Meal Scheme
Drinking Water Mission
Integrated Child Development Services
National Rural Health Mission
Bharat Nirman
Indira Awaas Yojna (Shelter for poor)

INDO-CHINA RELATIONS

The Indo-China relations have been characterized by a shift in their focus from geo-political & geo-strategic confrontations to geo-economic cooperation.

Both India and China are two of the world's oldest civilizations and have coexisted in peace for millennia. Trade relations via the **Silk Road** acted as economic contact between the two regions. However, since the early 1950s, their relationship has been characterized by border disputes resulting in military conflict (the Sino-Indian War of 1962). Both countries have in recent years successfully attempted to reignite diplomatic and economic ties and consequently, the two countries' relations have become closer. Today, China is India's largest trading partner.

LANDMARKS IN INDO-CHINA RELATIONS

On 15th August 1947, India became an independent federal and democratic republic, while the People's Liberation Army defeated the Kuomintang (Nationalist Party) of China in a civil war and established the People's Republic of China (PRC) on 1st October 1949. The timeline of the relations between the two is as following:

<p>India became the first non-socialist country to establish diplomatic relations with China.</p>	<p>1950</p>	
<p>Indian maps included the Aksai Chin region within the boundaries of India. But soon an Indian reconnaissance party discovered a Chinese road running through the Aksai Chin region of the Ladakh District of J&K.</p>	<p>1954</p>	<p>The two countries jointly expounded the Panchsheel (5 Principles of Peaceful Co-existence) along with 8-year agreement on Tibet that set forth the basis of their relationship.</p>
<p>Border disputes resulted in a border war between the two and their relations deteriorated during the rest of the 1960s. The PRC backed Pakistan in its 1965 war with India. Between 1967 & 1971, an all-weather road was built across territory claimed by India, linking PRC's Xinjiang Uyghur Autonomous Region with Pakistan</p>	<p>1959</p> <p>1962</p>	<p>PRC premier Zhou Enlai wrote to Nehru, rejecting Nehru's contention that the border was based on treaty & custom and pointing out that no government in China had accepted as legal the McMahon Line, which in the 1914 Shimla Convention defined the eastern section of the border between India and Tibet. China claimed 104,000 km² of territory over which India's maps showed clear sovereignty & demanded "rectification" of the entire border.</p>
	<p>1971</p>	<p>The PRC continued an active propaganda campaign against India and supplied ideological, financial, and</p>

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<p>A warming trend in relations was facilitated by Rajiv Gandhi's visit to China. India and China agreed to broaden bilateral ties in various areas, working to achieve a "fair and reasonable settlement while seeking a mutually acceptable solution" to the border dispute. Gandhi signed bilateral agreements on science & technology cooperation, civil aviation to establish direct air links, and on cultural exchanges. The two sides also agreed to hold annual diplomatic consultations between foreign ministers, and to set up a joint ministerial committee on economic and scientific cooperation & a joint working group on the boundary issue.</p> <p>Border trade resumed after a hiatus of 30 years in July, consulates reopened in Mumbai & Shanghai in December.</p> <p>Beijing announced that it not only favored a negotiated solution on Kashmir, but also opposed any form of independence for the region.</p> <p>The tide of suspicion began to turn after the Chinese adopted a position favorable to India on the Indo-Pakistani Kargil conflict</p>	<p>1988</p> <p>Early 1990s</p> <p>1992</p> <p>1993</p> <p>1994</p> <p>1998</p> <p>1999</p>	<p>other assistance to dissident groups, especially to tribes in northeastern India. The PRC sided with Pakistan in its 1971 war with India.</p> <p>Slow but steady improvement in relations with China. Top-level dialogue continued with the 1991 visit of PRC premier Li Peng to India and 1992 visit of Indian President R. Venkataraman to China. Progress was also made in reducing tensions on the border via confidence-building measures, including mutual troop reductions, regular meetings of local military commanders, and advance notification of military exercises.</p> <p>In June, the two sides agreed to open an additional border trading post. Prime Minister Narsimha Rao signed the border agreement & 3 other agreements during his visit to China.</p> <p>Relations hit a low point following India's nuclear tests in May. Defense Minister George Fernandes declared China as India's No. 1 threat, hinting that India developed nuclear weapons in defense against China's nuclear arsenal. In 1998, China was one of the strongest international critics of India's nuclear tests and entry into the nuclear club.</p>
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2000's

- Relations between the two stayed strained until the end of the decade. With Indian President **K. R. Narayanan's visit** to China, the year 2000 marked a gradual **re-engagement** of Indian & Chinese diplomacy. In 2002, Chinese Premier **Zhu Rongji** reciprocated by visiting India, with a focus on economic issues.
- 2003 ushered in a marked improvement in relations following Indian **PM Vajpayee's landmark visit** to China. China officially **recognized Indian sovereignty over Sikkim** as the two nations moved toward resolving their border disputes. India & China concluded a border trade protocol to add a border crossing between Sikkim &

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Tibet Autonomous Region. They appointed **Special Representatives** to explore from the political perspective of overall bilateral relationship in the framework of a boundary settlement.

- 2004 was a milestone in bilateral trade, **surpassing the \$10 billion** mark for the first time. In April 2005, Chinese Premier Wen Jiabao visited Bangalore and two sides issued a Joint Statement establishing a Strategic and Cooperative Partnership for Peace and Prosperity. It reflects the consensus that bilateral relations transcend bilateral issues and have acquired a global and strategic perspective. The agreement on **Political Parameters and Guiding Principles** signed during the visit represents successful conclusion of the first phase of the work of the Special Representatives on the boundary question.
- In 2006, China and India **re-opened Nathula**, an ancient trade route which was part of the Silk Road and was closed when the Sino-Indian War broke out in 1962. Chinese President Hu Jintao visited India in November 2006 and two sides issued a Joint Declaration containing a **10-pronged strategy** to intensify cooperation in all areas and give greater content to Indo-China Strategic & Cooperative Partnership.
- In 2007, China **denied the application for visa** from an IAS Officer in Arunachal Pradesh saying that, since Arunachal Pradesh is a territory of China, he would not need a visa to visit his own country.
- Congress President Sonia Gandhi visited China at the invitation of the General Secretary of the Communist Party of China (CPC) in 2007 and met with President Hu Jintao and Premier Wen Jiabao. She paid another visit to China in 2008 at the invitation of the CPC to witness the opening ceremony of the **Beijing Olympic Games**.
- Manmohan Singh visited China in January 2008. During the visit, he had extensive discussions with Premier Wen Jiabao and met with President Hu Jintao and NPC Chairman Wu Bangguo. A joint document entitled "**A Shared Vision for the 21st Century** of the Republic of India and the People's Republic of China" was issued during the visit, outlining common positions on a number of international and some bilateral issues.

In 2010, External Affairs Minister visited Beijing for "comprehensive" talks with the top Chinese leadership covering issues like **issuance of stapled visas** by Beijing and "**illegal**" **construction in Pakistan-occupied Kashmir**. The visit was aimed at consolidation of the much improved Sino-Indian ties after last year's spat on Arunachal Pradesh.

In **June 2010, President of India** visited China to commemorate the 60th anniversary of establishment of diplomatic relations. Objective of her visit was to increase trust, friendship and understanding between India and China. Both the countries agreed to expand, deepen and diversify the **Strategic and Cooperative Partnership** between them. India acknowledges that the India - China relationship has gone beyond its purely bilateral aspect and also has a global dimension.

Three business to business MoUs were signed during the visit. Both also agreed to increase cooperation and coordination in **multilateral economic forums**

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including in the G-20 and the Doha Round of global trade negotiations. MoU was concluded between Indian Council of Cultural Relations and Fudan University, which will serve as an encouragement for the greater contacts through student exchanges and inter-University contacts.

She brought the attention of China on India's **aspirations for a permanent seat** in a reformed UN Security Council. President Hu Jintao and Premier Wen said they understand and supportive of India's desire. President Hu Jintao expressed China's support for India's candidature for a **non-permanent seat** in UN Security Council for 2011-2012.

The trust deficit between the two countries is high. The Chinese government accused New Delhi of –disregarding China's grave concerns by allowing the **Dalai Lama to visit Arunachal Pradesh** and said it was –strongly dissatisfied about the Tibetan leader's visit to the State, parts of which China has claims on. Earlier China had opposed PM Manmohan Singh's visit to Arunachal Pradesh. To create more trust, India and China signed an agreement to **set up a hotline** to open up direct communication between their Prime Ministers.

INDO-CHINA STRATEGIC ISSUES

China and India have been **strategic adversaries** since the Sino-Indian border war of 1962 that cemented India's alignment with the Soviet Union and China's strategic partnership with Pakistan. Existing strategic divergences include the border dispute, Sino-Pak nuclear & missile collaboration, China's quest for increasing influence in the Indian Ocean Region; and China's pursuance of an –encirclement strategy towards India to gain long-term strategic advantage in the region.

At the strategic level it appears that China wishes to maintain stability with India, reflected by **growing economic and trade linkages**, cooperation in the WTO and collaboration in the ongoing climate change debate. However, at the tactical level some recent moves on the part of China have been less than friendly.

The most significant agreement struck during **Hu's visit to India in 2006** was a Joint Statement to promote cooperation in the field of civilian nuclear energy. China did **not oppose India's case in NSG** for allowing the nations to export nuclear fuel & technology to India. However China still does not recognize **India's status as a nuclear weapons state**. It insists that India must abide by UNSC Resolution 1172 and give up its nuclear weapons and consequently sign the NPT. India had supported China's entry into the UN and expects China also to support India's bid for a permanent seat in the UNSC.

China hopes increased trade and investment ties with India will counter **strategic U.S.-India cooperation**, which Beijing perceives as an attempt to contain Chinese influence. Other stimulants to tension between India and China in the long run are likely to be pursuit by New Delhi of a full-fledged nuclear capability; its more assertive approach to foreign policy, particularly in East Asia; and the two countries to emerge as competitors for influence in Central Asia over region's oil reserves.

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The geo-political and geo-strategic advantages that could accrue from a **China-India strategic alliance** could be summarized as under:

- Geo-politically, a China-India strategic alliance could **alter the global balance of power** from a unilateral one to a multi-lateral one.
- Geo-strategically, a China-India strategic alliance would encompass the major portion of the heartland of Asia besides resting on the waters of the Pacific Ocean and Indian Ocean.
- Geo-strategically such an alliance would be a **formidable one in military terms**.
- A China-India strategic alliance could make a **Russia-India-China strategic triangle** a viable proposition. Presently, this triangle is unworkable because of differences in the China-India relations.
- Geo-economically it would integrate the world's **two fastest growing economies**.

Factors contributing to this **deficit of trust**, both past & current are as under:

- China's **aggressive foreign policies** and its propensity to use military force in boundary disputes.
- China's policy of asserting **-strategic frontiers** as opposed to national boundaries.
- China's **-swing strategy** in foreign policies & its strident opposition to India's nuclear weapons tests.
- China-India **clash of interests** in South Asia.
- China is holding back its support for India's candidature as a **UNSC Permanent Membership**.

China's demonstrated record in this respect appears to be focused on endangering or impinging on India's **national security interests in South Asia** by the following actions:

- **Pakistan's nuclear weapons** and missile arsenal was built up by direct Chinese assistance.
- China's **-Defence Cooperation Agreements** with Pakistan and Bangladesh, solely aimed at India. As a result both the countries get encouraged to have inimical attitudes towards India.
- China's **-strategic encirclement** of India by creation of military client states on all peripheries.
- China's support of Pakistan's stand on **Kashmir**, till recently.

India's record on the other hand in terms of respecting China's strategic sensitivities is glaringly more positive as the following would indicate:

- India has supported the Chinese policy of **-One China** principle.
- India respected China's stand on Tibet issue & **never supported anti-China activities** by Tibetan exiles.
- India has not, unlike China, supported any insurgent activities against China.
- India has not made any efforts towards **strategic encirclement of China**. India has asserted that its growing relationship with USA precludes being part of any China containment policies of USA.

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China has viewed with some suspicion India's willingness to join Australia, Japan and the US in a **-quadrilateral engagement** to promote shared common interests. China also wishes to reduce what it perceives as the steadily increasing influence of the US over New Delhi.

INDO-CHINA BOUNDARY ISSUE

The boundary issue comes foremost in the list of problem areas. India's doubts emanate from China's aggressive policies as **Mao's description of China's 'palm'** (Tibet) and **'five fingers'** (Nepal, Sikkim, Bhutan, NEFA and Ladakh). China also published maps showing India's Assam, even Andamans, as **'historically'** parts of China. Chinese claims are based on its historical stand- all its borders, including with India, are as defined during the **Qing dynasty** period which ended in 1912.

The root of the border problem with India lies in Beijing's position that a large chunk of its territory, especially the 90,000 Sq km area in the Eastern sector, were illegally taken away by the British, after the 1914 Simla Convention. This has provided the rationale for Beijing in **rejecting the McMahon line**, a product of the Convention and in claiming the entire Arunachal Pradesh, a state of India as part of Chinese territory, called by it as **'Southern Tibet'**. On the other hand, for India, McMahon line remains the **'de facto'** border with China.

The Sino-Indian border problem remains complicated with the Chinese claiming recently the 2.1 Sq km **'finger area'** of **Sikkim**, the status of which as an Indian state has already been recognized by Beijing **'de facto'**. China has also put **claim over Tawang** in Arunachal Pradesh, due to the China's fears that Buddhist monasteries have been centers of Tibetan resistance to the Chinese authority. China is illegally occupying 43000 sq km of Jammu and Kashmir.

Indian Home Ministry's recent report said that the **area along the Line of Actual Control** with China has **-shrunk** over a period of time, and **India has lost a -substantial amount of land** in the last two decades. On the current scenario, India's concerns arise from various factors- the reported **Chinese intrusions** into the Indian border, the adverse reaction of Beijing to the visit of the Indian PM Manmohan Singh to Arunachal Pradesh, China's bid to **stop the loans for Arunachal Pradesh** from the Asian Development Bank, Chinese air force intruded in the Line of Actual Control and dropped food packets in the Indian side and strong Chinese criticisms of India's dispatch of additional troops to and positioning of advanced fighter aircraft in its Eastern border.

Sino-Indian border talks have undergone **16th round of talks** between two Special representatives - Shivshankar Menon, National Security Adviser and Yang Jiechi, State Councillor, which took place in Beijing in **June 2013**. Though settlement achieved more or less in middle sector; western & eastern sectors are still troublesome. These have **not led to any tangible results** in finalizing a **'frame work'** for a boundary settlement in accordance with the Agreement on Political Parameters, reached in 2005. While Beijing's stand is to approach the border issue in the spirit of **'mutual understanding and mutual accommodation'**, India wants **'ground realities'** to be taken into account. There are **3 Stages of Boundary Talks:**

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1. **First stage** concluded in 2005, with both sides agreeing to find a political solution based on political parameters and guiding principles.
2. **Second stage** exploring a framework for final package settlement of all disputed sectors.
3. **Third stage** will set in motion the process for the demarcating and delineating the boundary.

INDO-CHINA AND TIBET ISSUE

Mao Zedong, the Chairman of the CPC viewed Tibet as an integral part of the China and saw Indian concern over Tibet as a manifestation of the Indian Government's **interference in its internal affairs**. Pt. Nehru informed Chinese leaders that India did not have neither political nor territorial ambitions, nor did it seek special privileges in Tibet, but that traditional trading rights must continue. The PRC reasserted control over Tibet and ended Lamaism (Tibetan Buddhism) in 1950. With Indian support, Tibetan delegates signed an agreement in May 1951 recognizing PRC sovereignty but guaranteeing that the existing **political and social system of Tibet** would continue.

India accepts Tibet Autonomous Region as an **integral part of China** and standing firmly **against any anti-China activity** of the Dalai Lama from Indian soil. However, China appears to be having reservations on India's motives with respect to the Dalai Lama. Chinese official viewed his visit to Arunachal Pradesh in November 2009, **further exposes the anti-China and separatist nature of the Dalai clique** and that such visits cast a new shadow on Sino-Indian relations. This firmly points to Beijing's approach of linking the Dalai Lama factor with the Sino-Indian border question.

China's fears need to be understood in the context of **March 2008 unrest in Tibet**, posing a challenge to China's sovereignty. Also, the question as to why India is tolerating the Tibetan Government in Exile on its soil, seems to be bothering China. Premier Wen Jiabao's description of the Tibet issue as a **'sensitive'** one in relations with India, assumes significance. In 2010, India has decided **shoring up its military presence** in the northern borders and upgrading infrastructure along the border with China in the light of Beijing's rapid infrastructure development and its upgraded military force projection in the Tibet Autonomous Region and Xinjiang province.

SINO-INDIAN DEFENCE ISSUES

India has shown concern over China's increased defense spending. The Indian Defence Ministry's annual report says **China's military modernization** needs to be "monitored carefully" for implications on India's defense and security. China spends around \$70 billion on defence; India's spending is at \$30 billion annually.

Beijing is creating a **"string of pearls"** surrounding India by developing **strategic port facilities** in Sittwe (Burma), Chittagong (Bangladesh), and Gwadar (Pakistan) to protect sea lanes and ensure uninterrupted energy supplies. India is wary of China's efforts to engage its South Asian neighbors in military and economic matters. India plans to upgrade weapons and equipment stationed at its bases on the Andaman and Nicobar Island chains in the eastern Indian Ocean to bolster its defenses against Chinese military base in Myanmar's nearby Coco Islands.

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Simultaneously, bilateral defence interaction between both has been growing. Peace and **tranquility along the Line of Actual Control (LAC)** in the border areas is being largely maintained by both sides in accordance with the agreements of 1993 and 1996. In recent times, both countries have shown pragmatism on cooperation in defence sector.

- In 2010, Indian Defence Secretary met China Army deputy chief at the **third Annual Defence Dialogue** in Beijing. It is the first time that an Indian Defence Ministry official with the rank of a permanent secretary has traveled to China for defense cooperation talks. Discussions included **"very sensitive" issues** such as India's concern over the Chinese military buildup, particularly in naval assets and a boundary dispute.
- The **First Joint Training Exercise** between the Indian Army and the PLA, 'HAND IN HAND' was conducted at Kunming, China in 2007. **2nd Joint Training Exercise** was conducted at Belgaum (India) in 2008. **2nd Defence Dialogue** between India and China was held in New Delhi in 2008.
- India and China signed a memorandum in 2006 to conduct **joint military exercises** in the fields of search & rescue, anti-piracy, counterterrorism and other areas of mutual interest. India and China held **joint anti-terror** exercises in October 2007 in the mountainous Chengdu Military region of the northeast.
- India signed a Military Pact with China to expand military cooperation between two Asian giants. This accord would **institutionalize expanded mutual training program**, more exchange visits by armed forces personnel, joint exercises between defence forces of both countries and develop a strategic and cooperative partnership for peace and prosperity between India and China.

SINO-INDIAN TRADE/ ECONOMIC RELATIONS

Among the most encouraging recent developments in Sino-Indian ties is the rapid increase in bilateral trade. India and China resumed trade officially in 1978. In 1984 India & China signed a Trade Agreement, providing for –Most Favored Nation Treatment. **Border trade resumed in 1992** and consulates were reopened in Bombay and Shanghai. In 1994, the two countries signed the agreements on avoiding double taxation.

The India China trade relations have been further developed from 2006, with the initiation of the border trade between Tibet, an autonomous region of China, and India through **Nathu La Pass**, reopened after more than 40 years. The leaders of both the countries have decided to enhance the **bilateral trade to \$100 billion by 2015**. China is India's largest trade partner, while India is China's one of the tenth largest partner.

Seeing the whopping growth in Sino-Indian trade, China outlined a **5-point agenda**, including reducing trade barriers and enhancing multilateral cooperation to boost bilateral trade. There are **several institutional mechanisms** for India's economic and commercial engagement with China. India-China **Joint Economic Group** on Economic Relations and Trade, Science and Technology (JEG) is a ministerial-level dialogue mechanism. A **Joint Study Group (JSG)** was set up to examine the potential

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complementarities between the two countries in expanded trade and economic cooperation.

However, there is a **large and growing trade deficit** that India was experiencing in its bilateral trade with China as pointed out by the meeting of Commerce and industry minister Anand Sharma with the Premier in Beijing. India's annual exports to China stand at about \$11 billion, while China exports goods worth \$27 billion to India. India and China have agreed to work towards bridging the fast-widening trade gap between the two countries. The two countries did, however, reach an understanding on the contentious issue of **employment visas for Chinese workers**, with India agreeing to raise the quota for foreign visas for power and steel projects.

In a **Joint Economic Group** meeting with his Chinese counterpart Chen Deming, Mr. Sharma pressed for many issues including **Greater import of IT and ITeS by China** from India, Removal of tariff and non-tariff barriers restricting import of power plant equipment, and Greater access of Chinese market for Indian companies. **India-China MOU** on expansion of trade & economic cooperation was signed which provides for the Chinese side to import as much of its requirement of value added goods from India as possible. Chinese Premier Wen Jiabao has assured India that both countries would work together to ensure a **more balanced trade** between the two countries.

China is already India's number one **trading partner**. From China's side, India already is one of its top ten trading partners and is growing much faster than the other nine. Since it is almost certain that, by **2050**, China and India will be the two largest economies in the world, it is inevitable that bilateral trade between them will become the most important economic relationship in the world.

INDIA-CHINA-PAKISTAN TRIANGLE

Historically, China has been **Pakistan's strategic and military ally** for the past 50 years. China has two purposes behind its assistance to Pakistan. First, it takes Pakistan as a secure friend and ally in the Indian Ocean and second, they share a **common interest to contain India**. Pakistan supports China's candidature for China's entry into SAARC; India is against the prospect of Chinese membership. New Delhi views Beijing's links with Islamabad as being part of a **wider strategy** aimed at keeping it off balance strategically. China's military aid has considerably strengthened Pakistan's war waging potential and enabled it to launch and sustain a proxy war in J&K and in other parts of India.

China signed a free trade agreement with Pakistan and a deal to co-produce Chinese fighter jets. China is providing additional nuclear power reactors to Islamabad. Besides this, **Shaksgam Valley** was illegally ceded by Pakistan to China in 1963. **Karakoram highway** was built close to this tract by China. China gave the designs for a **nuclear bomb** to Pakistan in 1984 and then helped them build it. China has given nuclear warhead designs and missile technology as well as fully assembled M-9 and M-11 missiles to Pakistan. China and Pakistan are also known to have a **joint weapons and equipment development** programme that includes Al Khalid tanks and FC-1/JF-17 fighter aircraft. They also helped in the construction of the **Gwadar port**. Recently proposed **China-Pakistan nuclear deal** could spell trouble for India's own membership of the Nuclear Suppliers Group.

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However, cracks have begun to appear in previously **monolithic Sino-Pakistani relations** that result partly from the improved climate in Sino-Indian relations. The watershed was the visit by Chinese **President Jiang Zemin to New Delhi in 1996** when he made it clear that Beijing does not take sides on the issue of Kashmir. Nor did China take the side of its ally during the Kargil crisis.

Expulsion of a number of Pakistani students from the International Islamic University of Xinjiang reinforces these repulsions. There are evidence of groups like the Lashkar-e-Taiba and the Hizb-ul Mujahideen training and supporting the **separatist Uighur movement** posing a threat in China too bringing it closer to India on these concerns. The two countries share similar **concerns about the rise of the Taliban**. They worry that its emergence as the dominant power in Afghanistan fuels the flames of their own separatist movements in Kashmir and Xinjiang because of the Pakistani-Taliban link.

In the new millennium, the triangular relationship between India, Pakistan, and China will remain an **important driver of regional security**. However, the inter-relationship between the three nations will be far more fluid than it was in the past. China and India are more or less satisfied with the current arrangement. Pakistan, however, is not satisfied with the current arrangement.

INDIA-CHINA-BANGLADESH TRIANGLE

China's influence in South Asia has significantly grown over the years, and in particular Bangladeshi-Chinese relations are now **robust and very comprehensive**. This is in contrast to Bangladeshi-Indian relations, which are extremely uneven dictated by the political scenario of the country as to which political party is in power. China has signed a **defence cooperation** agreement with Bangladesh to modernize the latter's military. It is also seeking to modernize **Chittagong port**. Bangladesh is also supporting China's candidature for SAARC. But India is against the prospect of Chinese membership. Closer Sino-Indian relations can be foundation stone for development of India-China-Bangladesh triangle.

INDIA-CHINA-BHUTAN TRIANGLE

In view of the long-standing political disputes and border confrontations between India and China, Bhutan has long been part of India's strategic defense plan. When the **Chinese communists took over Tibet in 1951**, Bhutan braced itself against a renewed external threat with a modernization program and a new defense posture. China's disregard of McMahon Line constituted a **potential threat to Bhutan's security** too. Bhutan had already protested to the Chinese Government through India.

In his **first visit to Bhutan in 1958**, Pt. Nehru reiterated India's wish that Bhutan remain an independent country. He declared in the Indian Parliament in November 1959 that any aggression against Bhutan would be regarded as an aggression against India. A de-facto alliance developed between Bhutan and India by 1960. In times of crisis between India & China or between Bhutan & China, India was quick to assure Bhutan of military assistance.

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The boundary question has yet to be settled between Bhutan and China. As for India, a **stable, democratizing, friendly and confident Bhutan** is the best security asset in the turbulent Himalayas. Bhutan is the only country in South Asia that does not have diplomatic relations with China. India denies that it is preventing Bhutan from having regular state-to-state relations with China

INDIA-CHINA-MYANMAR TRIANGLE

Myanmar is viewed as a **critical area of interest** to China and India. While China has developed close political, military & economic relations with Myanmar, India is following suite. India dominates Myanmar's western borders, just as China dominates north-eastern. As a littoral of the Indian Ocean with a long coastline on eastern arch of the Bay of Bengal, Myanmar's strategic value further increases. Myanmar provides China the **shortest land and sea access to South Asia**, just as it provides convenient external land & sea communication options to India's landlocked northeastern states. Myanmar's ocean boundaries are barely **30 km from the Andaman Islands** increasing its maritime security threat.

Most of Myanmar's **mountain ranges and major river systems run north-south**. This facilitates easier movement from the Chinese border and makes construction of road and movement from India's east to Myanmar difficult. The Chinese have used this favourable terrain configuration to build **road from the Chinese border to Mandalay** in the heart of Myanmar and onward to the coast. China's strategic objective appears to be to gain direct access to Bay of Bengal and Andaman Sea through Myanmar bypassing the narrow Strait of Malacca.

India's northeastern states bordering Myanmar are not as well developed as Yunnan province of China bordering Myanmar in the northeast. China has found it useful to link the **development of Yunnan region jointly with Myanmar** and Laos. Thus the two-way border trade and commerce is qualitatively and quantitatively better with China than with India. The Chinese have used the geophysical advantage they enjoy to gain access to Myanmar's **mineral and natural gas resources**.

India is slowly becoming a **regular supplier of arms to Myanmar**, joining the ranks of China, Russia and Ukraine. China has stepped its influence through economic, military and development assistance. Till recently almost 80% of Myanmar's defence equipment was of Chinese origin. It also has established four electronic listening posts in Myanmar to monitor Indian and Thai communication traffic. China has proved time and again itself as a **valuable ally internationally**, whenever efforts were made in the UN Security Council to discuss Myanmar. In fact, China is perhaps the single most important power with influence over the military regime.

INDIA-CHINA-NEPAL TRIANGLE

Nepal's location as a **buffer state** between India & China too has increased its importance. The annexation of Tibet by China further increased this importance. India's role of a better ally makes Nepal at times to be friendly with China. Knowing fully well India's pre-eminent position in the South Asian region, Nepal has tried to assert its independence and identity. India, on the other hand, keeping in view its own security interests, is trying to give more aid and pursue a policy of friendship.

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Maoists claimed the **US was "encircling" China** through India and suggested that Nepal should adopt a policy of **equi-distance** with New Delhi and Beijing taking into consideration the geopolitical situation. Nepal made use of the Sino-Indian differences and followed a policy of distancing from India to gain more aids and benefits from the global and regional powers.

RUSSIA-INDIA-CHINA TRIANGLE

Yevgeny Primakov of Russia was the first person to talk about a "**strategic triangle**" involving Russia, China & India. China & Russia are co-operating on establishing railway links and on the issue concerning the oil pipeline through Central Asia, connecting the Caspian Sea with the Middle East and Europe. Russia has also shown keen interest in the pipeline issue involving India.

Already China and Russia have **resolved their age-old border disputes** amicably. Sino-Russian trade is quite robust and is increasing steadily. With the historic India-Russia ties based on solid foundation, the emergence of warmer ties with China means a lot for this region. Russia's inability to impede the **eastward expansion of NATO** and its frustration with NATO's unilateral military action in Kosovo has forced it to seek closer strategic understanding with China and India. Russia is an all weather friend of India and a close ally. Russia-India-China Triangle can be the building block for tilting the power balance towards Asia. However the possibility of the triangle is contingent upon the relations between India and China.

INDIA-CHINA-SRI LANKA TRIANGLE

China is supporting Colombo and, in the process, authenticating India's fear about Beijing extending its influence in the Indian Ocean. The Chinese are courting Sri Lanka because of its location in the Indian Ocean- a **crucial international passageway** for trade and oil. China is selling huge quantities of arms to Colombo and boosting aid almost 5 times to \$1 billion. In fact, China is now the **largest donor** to Lanka. Its Jian-7 fighter jets, anti-aircraft guns and JY-11 3D air surveillance radars played a key role in the Sri Lankan military successes. Beijing has also roped in its ally Pakistan for providing military assistance to Lanka.

China is currently building a billion-dollar port in the country's southeast, **Hambantota**, and this is the latest 'pearl' in China's strategy to control vital sea-lanes of communication between the Indian and Pacific Oceans by assembling a **'string of pearls'** in the form of listening posts, special naval arrangements and access to ports. China is also **aiding Sri Lanka in several other projects** like the Katunayake Expressway, extension of the railway line from Matara to Kataragama, the Norochcholai Coal Power Project, and building the Centre for the Performing Arts in Colombo. **India's stand against Sri Lanka on Tamilians issue** on international forums has been the contentious issue between India and Sri Lanka and pushing Sri Lanka towards China and Pakistan. Adopting pragmatic approach towards Sri Lanka is necessary for making viable India-China-Sri Lanka Triangle.

INDIA-CHINA-USA TRIANGLE

The **deep suspicions between USA & China** have allowed India to occupy advantageous middle position in the China-India-US-Triangle. China has long viewed the Washington-New Delhi relationship with some degree of suspicion, particularly during the years of the Bush administration, when relations between India and the U.S. deepened and with the U.S. widely being seen as supporting **India as a counterweight to China**. China's opposition to the **Indo-U.S. civilian nuclear agreement** underscored its unease at the deepening ties between Washington and New Delhi. China's rhetoric towards India's relations with the U.S. has, however, somewhat cooled following President Barack Obama's election and Washington's renewed engagement with Beijing.

During **Obama's visit to Beijing** in 2009, the two countries pledged in a joint statement to work together to promote peace and stability in South Asia, a reference which angered some Indian officials, seen as a sign of the U.S. encouraging China to play a greater role in South Asia. Latest dissonance in the China-US ties over the **American arms sales to Taiwan** and the status of Dalai Lama is viewed seriously in Southeast Asia. The proceedings of the **USA-India Strategic Dialogue**, held in Washington in **2010** were closely followed in Beijing. However India and China have shown unity in many global issues including climate & WTO which U.S. blames what it sees as intransigence on the part of India and China.

INDIA-CHINA COMPARATIVE RELATIONS IN REGIONAL GROUPS

BIMSTEC: BIMSTEC not only balances India's engagement with Southeast and South Asia but it also counters China's growing influence among ASEAN members, in particular Myanmar. Through BIMSTEC, India engages Bangladesh, Myanmar, Sri Lanka & Thailand to enhance cooperation in trade & investment, communication & transport, tourism, energy projects and fisheries. However China's dominant role individually in these countries has over-shadowed the importance of BIMSTEC as a group.

ASEAN: With the withdrawal of US troops from strategic locations in the region following the collapse of Soviet Union, the Southeast Asian countries deemed it appropriate to guard against Chinese influence by setting up **vital sea-lanes of communications** such as the Taiwan, Malacca, Sunda and Lombok Straits. Accordingly, ASEAN countries justifiably perceive India, with the largest Naval forces in Indian Ocean & nuclear capabilities, a strategic partner to balance China's growing power in the region.

ASEAN looks at **India's security needs** more as a factor emanating from the compulsions of the geopolitical position that India holds, rather than being a derivative of any hegemonic designs on India's part. The institutionalization of these relations came with the First ASEAN-India Summit in 2002 and was perceived as the success of **India's Look East Policy**. It was considered an acknowledgement of India's emergence as a key player in the Asia Pacific Region. The increasing importance of **maritime trade and energy security** for India has made it imperative to ensure the safety of Sea Lanes of Communication.

EAST ASIA SUMMIT: China perceives India's –Look East policy as part of a wider –contain China strategy unveiled by the perceived **Washington-Tokyo-New Delhi**

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axis. Wary of India, Australia and Japan, China proposed that the existing ASEAN plus 3 (China, South Korea and Japan) and not the new 16-member East Asia Summit, control the formation of any EAC (**East Asian Community**) building exercise. However, nearly all Southeast Asian countries supported India's participation in the EAS, seeing it as a useful counterweight to China's growing power.

G-20: China & India are working closely within G20, proposing **reforms to international financial system** and jointly promoting the building of a fair & reasonable international economic & financial order. The two countries' strengthened coordination ensured positive results in both the London and Pittsburg G20 summits, greatly elevated the status, function and voice of emerging powers.

SAARC: SAARC is considered by China to be key and part of its own back yard. There is some resentment from other members of the SAARC that India has had too much say and that China should be included to provide more financial and political balance. Beijing has indicated that it may assist India's entry into the SCO in return for SAARC membership. However, India has apparently blocked an attempt by China to obtain membership in SAARC. China currently has **observer status**.

SCO: Russia has long favored granting full SCO membership to India, which received observer status in 2005 along with Iran & Pakistan. China has so far opposed India's membership, and has favoured its all weathered ally Pakistan's membership instead. Within SCO, China has overtaken Russia as the **biggest donor for and investor in Central Asia**. Russia cannot compete with China's financial might alone and this is one reason it wants India to become a full SCO member.

STAND OF INDIA AND CHINA ON GLOBAL ISSUES

TERRORISM: The first India-China Joint Anti-Terror military exercise ("**Hand-in-Hand, 2007**") held at Kunming in the Yunnan province of China. In an apparent reference to Pakistan-based terror outfit Jamaat-ud Dawa, blamed for Mumbai attacks, India, Russia and China pressed for "strict observance" of sanctions imposed by the UNSC against persons & entities by the countries concerned. India & China decided to work collectively to tackle terrorism.

UN REFORMS: 3 permanent members of the UNSC- **Britain, Russia and France** have supported India's bid for the coveted permanent seat in an expanded UN Security Council. The US has supported Japan's claim, but has yet to come out unambiguously in support of India's candidacy. China has expressed support for India's bigger role on the international stage, but has kept its options open.

CLIMATE CHANGE: Climate change has become a facet of China-India cooperation. Both have agreed to **coordinate their positions** before every major international gathering on climate change. China assured India that China shall not strike any deal with USA that could undermine India's negotiating position at climate talks. Both have taken a united stand at the **Copenhagen climate conference**. Both reiterated their opposition to US demands for the framework established in the **Kyoto Protocol** to be scrapped and favored Kyoto's recognition that industrialized and developing nations should be treated differently.

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ENERGY: A very important dimension of the evolving Sino-Indian relationship is based on the energy requirements of their industrial expansion and their readiness to proactively secure them by **investing in the oilfields abroad** - in Africa, the Middle East and Central Asia. Though these ventures entail competition, but a degree of cooperation too is visible, as they are increasingly confronting bigger players in the global oil market. This cooperation was sealed in Beijing in **2006** during the visit of Indian Petroleum & Natural Gas Minister, who signed an agreement which envisages ONGC Videsh Ltd (OVL) and the China National Petroleum Corporation (CNPC) placing **joint bids** for promising projects elsewhere.

Broadly speaking, India-China ties at government levels remain stable at this juncture. New Delhi and Beijing have established a **‘Strategic and cooperative partnership for peace and prosperity’** and signed a document on **‘Shared vision for the 21st century’**, signifying that the Sino-Indian ties have gone beyond the bilateral context and acquired a global character. The two sides now aim at building **‘a relationship of friendship and trust, based on equality, in which each is sensitive to the concerns and aspirations of the other’**.

TRADE DEFICIT WITH CHINA WIDENS TO \$14 B

India's trade deficit with China widened to **\$14 billion** in seven months of 2013, as China's overall trade surplus soared to the highest in recent times. The trade deficit with China is now **likely to exceed last year's record \$20 billion figure**.

Reasons

1. The import figures were likely a result of **falling iron ore exports** as a result of the ban in Karnataka, coupled with little progress in addressing long-persisting **difficulties in diversifying exports** in information technology, pharmaceuticals and engineering sectors, which Indian officials have been pushing for in recent months.
2. **China's imports of iron ore**, India's biggest export to the country, **rose 6.8%** overall in July, but largely on the back of orders from Brazil and Australia.
3. China's overall trade surplus in July reached \$31.5 billion, the highest in two-and-a-half years, as a result of a **rise in imports from the European Union**.
4. Analysts also say that **the debt crisis in the West** would greatly impact Chinese growth. Exports to the EU grew 22%.

CHINA IN THE FOREFRONT IN BUILDING POWER PROJECTS IN POK

Over the issue of building hydel power projects, China is taking a lead role in their construction in the Pok. This **increasing presence of Chinese companies in PoK** comes amid the protest lodged by New Delhi against the **direct involvement** of China in **rebuilding the Karakoram highway** in Gilgit-Baltistan, the part of erstwhile Jammu and Kashmir State and annexed by Pakistan.

1. With a **huge potential to generate power** mainly from two rivers — **Jhelum and Neelum** — flowing from Jammu and Kashmir, the GOP has paved the way for the Chinese companies for taking up work for large-scale power generation.
2. Contracts for two more upcoming projects have been awarded to China. They are the **Kohala-Jhelum project** of 1100 MW and **Karot-Jhelum project** of 720 MW.

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3. Public Private Investment Board (PPIB) is currently constructing nine hydel projects in PoK, capable of generating **2,700MW with a total investment of \$6436 m.**
4. China is also learnt to be involved in **laying of a number of roads in PoK.** Sources said it is playing a significant role in the construction of roads such as Neelam Valley Road — from Muzaffarabad to Athmaqam — and the Tariqabad Bypass (Eastern) and Naluchi Bypass (Western).

CHINESE INTRUSION IN DAULAT BEG SECTOR

A **battalion of Chinese troops** estimated of about 50 personnel and accompanied by vehicles and dogs had intruded 19 km inside the Indian Territory across the Line of Actual Control (LAC) in Daulat Beg Oldi sector **in April 2013** and set up five tents. The Indian troops had also **established tented posts** facing the Chinese forces at a distance of 300 metres. The troops of the two sides **held four flag meetings.** However, there was no positive outcome from these meetings, which went hand-in-hand with high level diplomatic efforts to break the impasse.

An **agreement was reached in May 2013 for both sides** to pull back their troops simultaneously from the face off point. However, it was not clear whether the Chinese would withdraw all the way back across the LAC to the position that obtained in April as was demanded by India, which pressed for restoration of status quo ante. The face off in Ladakh had **cast a shadow** over the visit of External Affairs Minister Salman Khurshid to China in May to prepare the ground for the new Chinese Prime Minister Li Keqiang's visit to India. India would have liked a "much better response" from China, he had said and emphasised that it wanted reversal of the "adverse incident" in Ladakh and return to **the status quo in Depsang Valley** where the Chinese troops have intruded.

The Chinese side had earlier **refused to budge** from the territory occupied by them and insisted that Indian forces must first pull back its troops in the DBO sector. The Indian side argued that **any pull back had to be simultaneous** and that the Chinese should vacate their intrusion. The two sides had then agreed to continue their dialogue. The Chinese side also reiterated their earlier stand that India should **dismantle bunkers constructed along the LAC in Phuktsay and Chumar** areas to which the Indian side contended that similar activities were being carried out on the Chinese side. Chinese officials maintained that the activities on their side was more of a developmental work and that **India should stop pushing its grazers in Chumar division, south east of Ladakh.**

In **April, Chinese troops had intruded nearly 27 km** deep into the Indian Territory but an early detection and aggressive patrolling by the security personnel posted in the sector managed to pull them back to the present position near the old patrol base in the DBO sector, which is still 19 km from the LAC. Under agreement in May, India and China decided to **pull back their troops** from the stand off point at Daulat Beg Oldi sector in Ladakh, where the PLA incursion had happened in April 2013.

CHINESE CHOPPERS VIOLATED INDIAN AIRSPACE

Two Chinese Army helicopters **violated Indian airspace in July 2013** in the **Chumar sector** in Ladakh; days after their soldiers intruded and took away an Indian surveillance camera. The PLA choppers violated Indian airspace in the Chumar sector and returned after flying for some time there. The incident happened soon after **Defence Minister A.K. Antony's visit to China** when the two sides discussed measures to enhance peace and tranquility along the Line of Actual Control. Chumar has seen a **number of incursion incidents** in the recent past including an incident in June 2013 where Chinese troops took away an Army surveillance camera meant for keeping an eye on the PLA troops patrolling there.

Chumar is the same area where **Chinese troops triggered tensions in April** smashing some bunkers besides cutting wires of cameras installed at the border post. Chumar has always been an **area of discomfort for the Chinese troops as this** is the only area along the China-India border where they do not have any direct access to the LAC. India and China have been working towards **signing a border pact to maintain peace and tranquility along the LAC** where a number of incursion incidents have been observed in the recent few months. More than a couple of years ago, Chinese troops had entered the Indian Territory using their Mi-17 medium lift choppers and **dropped food and other supplies in Ladakh.**

VISIT OF CHINESE PREMIER LI KEQIANG TO INDIA IN MAY 2013

Li Keqiang, Premier of China, paid a State visit to India in May, 2013. Premier Li held talks with Prime Minister Dr. Manmohan Singh and called on Mr. Pranab Mukherjee, President of India. The leaders of the two countries had an **in-depth exchange of views** on bilateral relations and regional and international issues of mutual interest in a sincere and cordial atmosphere and reached broad consensus. The two sides **reviewed with satisfaction the comprehensive** and rapid progress of India-China relations in the 21st century. Over the years, India and China have evolved **an effective model of friendly coexistence and common development**, which can be an example for relations between big, neighboring countries.

The two sides reaffirmed their commitment to abide by the principles and consensus arrived at by leaders of the two countries over the years concerning the development of India - China relations, and to further **consolidate the Strategic and Cooperative Partnership for Peace and Prosperity** on the basis of the Five Principles of Peaceful Coexistence and mutual sensitivities for each other concerns and aspirations. The two sides will not allow their territories to be used for activities against the other. The two sides are committed to **taking a positive view of and support each other's friendship with other countries.**

The two sides attached great importance to the active role of the **Strategic Economic Dialogue** in promoting macro-economic policy coordination and pragmatic cooperation in various fields between the two countries and expressed satisfaction over the progress made in the meetings of the Dialogue. They agreed to **further strengthen cooperation in the areas of energy and environmental conservation**, new and renewable energy and high-technology. The two sides agreed to

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enhance cooperation in the railway sector including heavy haulage and station development.

The two sides agreed to continue pushing forward the Doha Development Round, consider the potential for a **bilateral Regional Trade Arrangement** and review the state of negotiations on the **Regional Comprehensive Economic Partnership (RCEP)**. The **first meeting of the India - China CEO's Forum** was held during Premier Li Keqiang's visit to India. While striving to realize the trade turnover target of **US\$ 100 billion by 2015**, the two countries agreed to take measures to address the issue of the trade imbalance. These include **cooperation on pharmaceutical supervision** including registration, stronger links between Chinese enterprises and Indian IT industry, and completion of phyto-sanitary negotiations on agro-products.

The Indian side **welcomed Chinese enterprises to invest in India** and participate in India's infrastructure development. Project contracting cooperation between the businesses of the two countries would be enhanced. India and China decided to mark the **60th anniversary of the Five Principles of Peaceful Coexistence** (Panchsheel) in 2014 by designating it as the **"Year of Friendly Exchanges"**. The two sides noted that youth exchanges play an important role in increasing mutual understanding and decided to continue with the annual exchange of 100 youth. In accordance with the **Agreement to Facilitate Cooperation and Linkages** between Indian and Chinese Cities and States/Provinces, the two sides agreed to encourage their cities/provinces to establish twinning relationships.

To promote trade, personnel movement and connectivity across the border, the two sides agreed to consider **strengthening border trade through Nathu La Pass**. The Chinese side shall provide greater facilitation to Indian pilgrims for the **Gang Renpoche and Mapam Yun Tso Pilgrimage** (Kailash Manasarovar Yatra). The Indian side conveyed appreciation to the Chinese side for the improvement of facilities for the Indian pilgrims. The two sides appreciated the progress made in promoting cooperation under the **BCIM (Bangladesh, China, India, Myanmar) Regional Forum**. Encouraged by the successful BCIM Car Rally of February 2013 between Kolkata and Kunming; the two sides agreed to consult the other parties with a view to establishing a **Joint Study Group on strengthening connectivity in the BCIM** region for closer economic, trade, and people-to-people linkages and initiating the development of a BCIM Economic Corridor.

The two sides noted that **enhanced interaction in the military field** was conducive to building mutual trust and confidence. Both sides agreed to hold the next round of joint training exercises later this year. Both sides also decided to **increase exchanges between the Army, Navy and Air Force of the two countries**. The two sides noted with satisfaction that the meetings of the **India - China Working Mechanism for Consultation and Coordination on Border Affairs** held till date has been fruitful. Noting their **convergence on global issues**, both sides agreed to enhance their cooperation in multilateral forums including United Nations. China attaches great importance to India's status in international affairs as a large developing country, understands and **supports India's aspiration to play a greater role in the United Nations including in the Security Council**.

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As developing countries, India and China **share common interest on several issues of global importance** like climate change, Doha Development Round of WTO, energy and food security, reform of the international financial institutions and global governance. This is reflected in the close cooperation and coordination between the two sides within the BRICS and G-20 frameworks. The two sides agreed to **enhance coordination in the follow up process of the UN Conference on Sustainable Development** and in discussions on the post 2015 development agenda as well as international negotiations on climate change. Both sides reiterated their **resolute opposition to terrorism** in all its forms and manifestations and committed themselves to cooperate on counter-terrorism. They also emphasized the need to implement all relevant UN resolutions, in particular UNSC resolutions 1267, 1373, 1540 and 1624.

Documents Signed During the Visit

1. **Protocol on Indian Official Pilgrimage (the Kailash Mansarovar Yatra) to the Tibet:** Both sides have agreed to conduct the Yatra every year from May to September. The Chinese side will make further improvements to the existing facilities on the route of the pilgrims and to maintain smooth communication has agreed to assist in renting wireless sets and local SIM cards.
2. **The three working groups set up under the Joint Economic Group** are: i) Services Trade Promotion Working Group ii) Economic And Trade Planning Cooperation and iii) Trade Statistical Analysis.
3. **MOU on Buffalo Meat, Fishery Products and Agreement on Feed and Feed Ingredients:** It aims at strengthening mutual cooperation in trade and safety of buffalo meat, fishery products and feed and feed ingredients, and to meet the regulatory requirements with respect to safety & hygiene & quarantine.
4. **MOU on Cooperation in the field of Sewage Treatment :** It aims at enhancing cooperation in the field of Sewage Treatment and experience sharing in the areas of mutual interest in the urban sectors.
5. **MOU on Cooperation in the field of Water Efficient Irrigation :** It aims at enhancing bilateral cooperation in the field of water efficient technology with applicability in the area of agriculture and exchange of best practices.
6. **MOU on Cooperation in Mutual Translation and Publication of Classic and Contemporary Works:** It provides for a Joint Working Group that will coordinate translation and publication of 25 books of Classic and Contemporary Works of each side over a period of 5 years in to Chinese and Indian languages respectively.
7. **MOU on Provision of Hydrological Information of the Yaluzangbu/Brahmaputra River** in Flood Season by China to India: China will provide India with information of water level, discharge and rainfall of 8:00 hrs and 20:00 hrs (Beijing Time) twice a day from June 1st to October 15th each year in respect of three hydrological stations on the mainstream Brahmaputra river.
8. **Agreement to facilitate cooperation and linkages** between Indian and Chinese cities & states/provinces Ambassador of India to China: Both sides agreed to identify sister cities and sister states/provinces in India and China with a view to establishing relationships between them in areas of mutual interest for enhancing greater people to people contacts.

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INDIA, CHINA AGREE TO REBUILD FRAGILE DEFENCE TIES

India and China have drawn up a long-term plan to gradually **rebuild trust between their militaries**, as they continue to grapple with the fall-out of the three week-long April stand-off along the border which has prompted both countries to re-examine the breadth of their defence ties. The plan, announced in a joint statement released and later detailed by officials after Defence Minister A.K. Antony concluded his talks, includes **increasing both the frequency** and number of locations of border **personnel meetings** along the disputed boundary, and **expanding direct contact** between the militaries.

The above two proposals, put forward by India, were a **direct response to the April 15 incursion by Chinese troops** into Depsang in eastern Ladakh. The incursion occurred in an area where differing perceptions of the disputed Line of Actual Control (LAC) were particularly pronounced. **By increasing the number of border personnel meeting points**, officials hope to gradually narrow the wide divergences between the two countries over the undemarcated border.

That the Depsang stand-off took as long as three weeks to be resolved also exposed the need for closer direct contact between the militaries. Part of the reason for the delay in ending the impasse was an apparent **lag in communications between the Chinese military and the Foreign Ministry in Beijing**, which was India's main point of contact. Unlike in the Indian set-up, the Chinese Foreign Ministry holds far less authority than the PLA and is often kept out of the loop in the Army's decision-making. The Chinese side appeared to **react positively** to the two proposals, as Mr. Antony met his Chinese counterpart, General Chang Wanquan, and Premier Li Keqiang and held talks with State Councilor Yang Jiechi, Special Representative on the boundary question.

Mr. Antony said he was **happy** about the outcome **because there is a consensus of minds**, a consensus between governments and military leaderships that till we find a solution to the border issues, we must maintain peace, stability and tranquillity. He said the aim was **to avoid unpleasant incidents, and if they happen, to resolve them immediately.** In that respect, military-to-military-level confidence building is essential. There should be **trust and confidence and mutual respect** at the ground level also, he said.

While both governments have publicly continued to play down the April 15 incident, India has now made clear to China on at least three occasions in the months since the incursion that **without peace and tranquility on the border**, there could be no foundation on which to take forward the relationship in any other area. This was first conveyed by Prime Minister Manmohan Singh when he met Mr. Li Keqiang in New Delhi in May. A similar message was stressed by National Security Adviser Shivshankar Menon, while traveling to Beijing for the 16th round of border talks with Mr. Yang Jiechi.

Both sides also **agreed on an early conclusion of negotiations** for a **Border Defence Cooperation Agreement**, a draft of which was first put forward by China, which has similar agreements with many of its neighbours, in March. After India responded with comments on the draft in May, which included **objections to any commitments to freeze border infrastructure** considering the prevailing wide asymmetry in China's favour, Beijing put forward a revised draft shortly before Mr.

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Antony's visit. Mr. Antony said there was forward movement on the draft, adding that on most of the provisions there is consensus.

CHINA BOLSTERS MILITARY'S ROLE ON ITS WESTERN BORDER

China's top Communist Party and military officials have held a meeting to **review security and development strategies** in western China, including regions bordering India. Xu Qiliang, a senior PLA General and Vice Chairman of the Party's powerful Central Military Commission, which is the top military body and is headed by President Xi Jinping, told the meeting the **military should take on a more prominent role** in developing western regions. At the meeting, which took place in Beijing, General Xu **ordered the military to make utmost efforts to maintain border security**. General Xu described the development and stability of western regions as being of **strategic importance to national security and development**.

He also called on the PLA to be fully aware that helping develop the west boosts the military's capacity to carry out diversified tasks. The meeting took place **amid on-going tensions with India** along the Line of Actual Control (LAC) in the western section of the border. General Xu also stressed the need to enhance solidarity between the military, local governments and the public and to uphold ethnic solidarity, in an apparent reference to **recent unrest in Tibet and Xinjiang**.

IMPACT OF CHEAP GOODS OF CHINA ON INDIA

Even as the impacts of globalisation continue to be debated, it is generally conceded that such impacts are uneven across the economies of nation-states and also within particular countries. **China has become India's leading trading partner**. Two-way trade between the two most populous countries on the planet and **the fastest growing large economies** is expected to reach around USD 80 billion by the end of fiscal year.

During China's President Wen Jiabao's visit to India, it was agreed to **double bilateral trade to USD 100 billion by 2015**. The trade deficit has been widening consistently and has reached USD 20 billion in **China's favor** causing concern among Indians. India accounts for just above 1% of China's total exports but exports from India to China are a relatively negligible proportion of total imports by China.

Casual anecdotal evidence points towards a fairly significant level of penetration of Chinese goods into virtually every nook and corner of markets in India - from **small gas lighters to advanced computers**, the Made in China product is very visible across the length and breadth of the country. China is considered the **manufacturing hub** of the world. There are allegations that Chinese firms have unfair advantages over their counterparts in other parts of the world (including India) in terms of **tax breaks and a devalued currency**.

Chinese exporters have been accused of dumping. As a matter of fact, India has initiated the **highest number of anti-dumping cases against China**. It has, therefore, become important to study and understand how the rapid increase of Chinese imports to India has impacted markets here. On the one hand, cheap imports from China could force Indian manufactures to become **more productive and competitive**. On the

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other hand, unfair and predatory trade practices by Chinese companies could prove harmful not only to Indian industry but to the country's economy as a whole by constraining domestic job opportunities or even, destroying livelihoods.

Whereas cheap products **attract consumers, concerns about quality and safety standards remain**. For instance, there was a controversy over the imports of products and technologies used by telecommunications companies, especially by **mobile phone service providers**. There were also concerns of bugging in Chinese electronic devices.

The festive season is the season of vocation especially **filling the pockets of traders**. But instead of the domestic industry holding sway over the market, the opportunities are **grabbed by Chinese manufacturers** with their variety of exquisite products. Whether it is SMEs (Small and Medium Enterprises) or cottage industries, they are not able to provide a stiff competition to the cost effective offers provided by the Chinese. Due to these relentless imports of Chinese products, most Indian cottage industries have closed down, and the upcoming of the existing ones looks very bleak.

The Chinese entrepreneurs have infiltrated the market in a very systematic manner with their well-planned marketing strategies and day-and-night innovations. They **study the demand patterns** and the market trends and **work out the last price** that they can offer to attract a colossal section of the consumers while still **maintaining a profitable margin**. As the Indian market is price-oriented, the domestic players are slowly losing their cope to the strategic Chinese entrepreneurs.

Chinese electronic goods like **radio, torch, videodisc players**, etc. are reigning supreme in the Indian markets. Decorative items, fashion accessories like slippers, jeweleries, hand-bags, etc. attract huge number of customers during festive seasons. This year, one saw the **flooding of the Indian markets with Chinese made idols** which were welcomed with open arms by the Indian consumers.

24% SLUMP IN INDIAN EXPORTS HIGHLIGHTS CHINA TRADE BARRIERS

New trade figures have shown that India's exports to China are **down by 24% from a year earlier** — the **biggest decline** among all of China's major trading partners. Figures released recently by the Chinese General Administration of Customs (GAC) painted a gloomy picture of the state of bilateral trade, despite a **surprising boost in China's overall trade performance** that bettered market expectations. **India's trade deficit with China, after 6 months of 2013, has ballooned to almost half** of the entire trade volume. Bilateral trade, after 6 months of 2013, **reached \$20.87 billion, down 6.2%**. Trade fell by 12% to \$66 billion, even as both countries set an **ambitious target of \$100 billion by 2015**.

Indian exports to China are down 24% as of September, reaching \$ 6 billion. The decline contrasted with rising figures for exports from other developing countries among China's biggest trading partners: exports from South Africa were up 55% and those from ASEAN countries up 7%. One reason is the **ban on exporting iron ore**. And, while **India has been pushing China to open up its markets to pharmaceuticals and information technology**, the moves have appeared to have made little headway so far. China's overall trade figures, however, exceeded market

expectations. The unexpected slowdown in **the Chinese recovery — the economy grew 7.7%** in the first quarter, down from 7.9% in the last quarter of 2012 — **had dampened expectations ahead of the release of trade data**, reinforced by uninspiring factory data.

CHINA'S FIRST 'BLUE BOOK' ON INDIA SEES A GOVT. IN 'SERIOUS CRISIS'

The first ever **'blue book' on India released in China** by a prominent official Beijing publisher has portrayed a government in **'serious crisis'**, but expressed the belief that India would likely **emerge as a stronger country** by conquering its current obstacles. Chinese think tanks release **'blue books' every year** on a number of issues. While not representing the government's view, the books are put together by official think tanks and the projects are understood to be given tacit backing by the government.

The first ever blue book on India was released recently by the Social Sciences Academy Press, detailing political, economic, foreign policy and defence issues for the year 2011-12. The book runs into more than 300 pages, and was **compiled by Yunnan University**, which has one of China's biggest South Asia programmes. According to a brief summary, the book sees India as weighed down by a number of crises — particularly **corruption scandals** — but also details **India's rising military strength**, which it sees as being partly directed at China. It ultimately expresses the optimistic view that India would emerge stronger from the current period of difficulty.

The book, however, sees India today as a country beset with numerous challenges, saying the current Congress-led United Progressive Alliance government was facing its most **serious crisis since it came to power in 2009**. It pointed to frequent **corruption scandals**, divisions within the UPA and public anger at the economic situation as leaving Prime Minister Manmohan Singh's government with a tarnished image amid declining public trust. It saw the year 2011-12, which the report covers, as among the worst since India's **'remarkable achievements'** after reforms in 1991. The book estimates that **by 2030, India's population will exceed that of China's**.

On the foreign policy front, the blue book notes that India has focused on boosting relations with its **neighbours in South Asia**, pushed forward peace with Pakistan and developed strategic relations with Bangladesh, Sri Lanka and Nepal — countries with which China has also recently deepened economic ties. It sees the **United States — pivot to Asia** and strengthening of alliances in the region — viewed by most analysts in China as being directed to **'contain'** Beijing — as accelerating India's **'Look East'** policy, observing that **India's defence cooperation with the U.S., Japan, Vietnam and Australia has warmed**.

SHANGHAI COOPERATION ORGANIZATION (SCO)

The Shanghai Cooperation Organization (SCO) is an inter-governmental **mutual-security organization** which was founded in **2001** in Shanghai by the leaders of China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan. Except for Uzbekistan, the other countries had been members of the **Shanghai Five**, founded in 1996; after the inclusion of Uzbekistan in 2001, the members renamed the organization.

India currently has **observer status** in the SCO. Russia has encouraged India to join the organization as a full-time member, because they see it as a crucial **future strategic partner**. Additional factors working in favour of India joining the SCO are its major military presence in Central Asia, its **close military ties** with several Central Asian countries (especially Tajikistan & Russia) and also its deep interest in the region's **energy resources**.

In 2010 India showed a **keen interest in joining** the group as it is a very important organization concerning the region. An entry into the SCO will allow India to **play a greater role** in the region, besides helping to narrow down the differences with its neighbours. The SCO in its meeting in **June 2010**, in **Tashkent** opened the doors for India's entry into the regional grouping, as it lifted the moratorium on new membership.

STRUCTURE

The **Council of Heads of State** is the top decision-making body in the SCO. This council meets at the SCO summits, which are **held each year** in one of the member states' capital cities. The **Council of Heads of Government** is the **second-highest council** in the organisation. This council also holds **annual summits**, at which time members discuss issues of multilateral cooperation. The council also approves the organisation's budget. The council of Foreign Ministers also holds **regular meetings**, where they **discuss the current international situation** and the SCO's interaction with other international organisations.

As the name suggests, the **Council of National Coordinators** coordinates the multilateral cooperation of member states within the framework of the SCO's charter. The Secretariat of the SCO is the **primary executive body of the organisation**. It serves to **implement organisational decisions** and decrees, drafts proposed documents (such as declarations and agendas), **function as a document depository for the organisation**, arrange specific activities within the SCO framework, and promote and disseminate information about the SCO. It is located in **Beijing**.

The **Regional Anti-Terrorist Structure** (RATS), headquartered in **Tashkent, Uzbekistan**, is a permanent organ of the SCO which serves to promote cooperation of member states against the three evils of terrorism, separatism and extremism.

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CURRENT OBSERVERS

Afghanistan received observer status at **the 2012 SCO summit in Beijing**, China on June 6, 2012.

India currently has observer status in the SCO. Pakistan, India and Iran received observer status at the 2005 SCO summit in Astana, Kazakhstan on **5 July 2005**.

Iran currently has observer status in the organisation, and applied for full membership on 24 March 2008.

Mongolia became the first country to receive observer status at the 2004 Tashkent Summit.

Pakistan currently has observer status in the SCO. Russia publicly endorsed Pakistan's bid to get full membership of the SCO.

DIALOGUE PARTNERS

The position of **Dialogue Partner** was created in **2008** as a state or an organisation who **shares the goals and principles of the SCO** and wishes to establish relations of **equal mutually beneficial** partnership with the Organisation.

Belarus & Sri Lanka were granted dialogue partner status in the SCO at 2009 summit in Yekaterinburg.

Turkey, a member of NATO, was granted dialogue partner status in the SCO at 2012 summit in Beijing.

SIGNIFICANCE OF SCO

With the rise of Asia and the emergence of Central Asia in global economics and politics the role of the SCO is growing in importance.

- The SCO was originally formed due to **growing security concerns** in the region, but its role has been extended to encompass economic benefits to member countries as well. The United States applied for observer status but was denied in 2005.
- SCO has contributed to **confidence-building and stability** in Asia. It has increased confidence-building and mutual trust among its members and observers—especially between China and **her 9 close neighbours**, including Uzbekistan and Iran with whom China shares no borders.
- The **borders** that China shares with 7 SCO members and observers takes up about three quarters of China's total land border- 14,799 km. When **peace and security** is maintained in such massive border areas, the peoples in the region no longer feel exposed to direct military threats.
- SCO countries comprise a hefty **25% of Earth's land area**.
- Central Asia is one of the world's most **energy-rich regions**. 5 nations bordering the Caspian Sea- Azerbaijan, Iran, Kazakhstan, Turkmenistan & Russia plus Uzbekistan hold **roughly 21% of the world's proven oil reserves** and 45% of the world's proven natural gas reserves.
- Although the declaration on **the establishment of the SCO** contained a statement that it is not an alliance directed against other states, many believe that one of the original purposes of the SCO was to serve as a **counterbalance to NATO** and the United States.
- In the recent past SCO member countries have discussed ways to cooperate on issues of **security, economics and politics**.

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- On the economic front, SCO members have agreed to improve the flow of goods in the region while prioritizing **joint energy projects** in the oil & gas sector, the exploration of new hydrocarbon reserves, and joint use of water resources.
- In order to bolster security among member nations, the SCO focuses on eradicating the threats faced from **terrorism, separatism, extremism and drug trafficking**. As a result, joint military exercises between the member countries play an important part in securing the region.
- **Cultural cooperation** also occurs in the SCO framework, with member countries holding art festivals and cultural exhibitions in each other's countries.

INDIAN INTERESTS

India's interest in the Central Asia region comes from a mixture of **politico-strategic concerns** and, perhaps to a lesser extent, perceived commercial prospects. India's initial reaction to the newly independent states of Central Asia, was like China's, largely defensive in nature. The **rapid growth of Pakistan, Iran, and Turkey's influence in Central Asia** generated a growing concern and resentment in Indian nationalist circles.

India's positive reengagement with the Central Asian states emerged due to **new international and geopolitical realities**. India's attempts to establish good relations with them is a matter of **pragmatism as India's neighbors and rivals**, Pakistan and China, are interested in the region. India was **able to capitalize on its past ties** with the Soviet Union to press its advantage in Central Asia. **India's prestige** can largely be attributed to its culture, general goodwill, and —as an old and trusted friend the Soviet era.

Today, India is turning to the SCO not for security purposes **but for economic motivations**. India's interest in Central Asia and the SCO, by and large, is the **result of its existing bilateral economic agenda**. India regards **economic cooperation** as the best way to counter Pakistan's influence in Central Asia.

SCO can provide a promising alternative regional platform to discuss the **rapidly changing Afghan situation**. Under the evolving global scenario, it is pertinent for **India to take a long-term view of the strategic significance** of associating itself with the SCO. Towards this end, India has already committed over US\$ 2 billion for reconstruction and developmental activities in Afghanistan. **The main focus of SCO is to combat three evils in the region terrorism, separatism and extremism.**

Regional Anti Terrorist Structure (RATS) a permanent acting agency of SCO coordinates the agencies of SCO members on dealing with these three evils. India is quite appreciative of the **greater cooperation within RATS** as an important regional answer to this challenge.

SCO states account for almost **one-third of the world's population**. The issue of connectivity between SCO countries therefore becomes crucial. India is ready to cooperate with regional countries in an endeavor **to build bridges between Central and South Asia**. This is further exemplified by the Indian interest in **re-energizing International North-South Transport Corridor** launched in 2000 (the route connects Mumbai in India, Bandar Abbas port in Iran and another port known as Bandar Anzali in

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northern Iran on the Caspian Sea coast- from Indian perspective, this route is shorter than the existing Suez Canal and the Mediterranean Sea). This route will **help India to bypass Pakistan to reach Central Asia.**

India is looking for **energy cooperation in the region** and the **TAPI (Turkmenistan-Afghanistan-Pakistan and Iran) project** can give India a strategic link in its extended neighborhood and South Asia. However, there are a number of reasons why this initiative might not see the light of the day - the pipeline passes through a conflict ridden region and the stability in this region may worsen, the economic cost of the pipeline may be more than estimated and India's share of piped gas may not be enough to satisfy the projected need. **Also, India is increasingly looking to Central Asia for its energy security needs.** The energy rich Central Asian countries will help India reduce its dependence on Iran for its energy needs.

At this juncture an organization like the SCO has **strategic importance for India.** It is an organization outside the **sphere of influence of the US and its allies** (although Russia and China largely define the agenda of the organization). Thus India is pitching for **enhanced role in the SCO.** India is already engaged with the SCO countries in areas such as **IT, management and entrepreneurship** development. However, India will have to be cautious as to what extent it desires to participate in an organization in which **China and Pakistan also play a significant role.**

In **2012, India** backed the 6-member SCO security grouping to play a **greater role in Afghanistan**, and expressed its interest to coordinate more closely with the group in tackling terrorism in the region. India described the situation in Afghanistan as **—the most important security challenge we face today**||. The SCO provides a promising alternative regional platform to discuss the rapidly changing Afghan situation. The group would **—play a bigger role in Afghanistan's peaceful reconstruction**|| **China offered a \$10-billion loan** to support economic cooperation within the SCO. Chinese officials stressed that the grouping would not look to play a similar role as NATO, pointing out that it was not a military bloc.

India reiterated her interest in **becoming a full-fledged member of the organisation.** Underscoring the security grouping's widening scope, the heads of member states in a declaration voiced their strong opposition to **armed intervention, forced regime change and unilateral sanctions**, delivering a direct message to the West on Syria and Iran. The grouping said it supported **—broad-based domestic dialogues that respects Syria's sovereignty, independence and territorial integrity**||. On the **Iranian nuclear issue**, the SCO leaders said they had **—deep concern**|| over developments and call on all parties to exercise **maximum restraint and avoid remarks** or actions which might further escalate confrontation.

ISSUES RELATED TO WTO

Though the WTO has come a long way forward in liberalizing the world trade, yet it has many issues pending since decades on which the consensus between the **developed and developing countries** as well as between the individual countries has not been arrived. The most important of these issues are:

1. Agriculture: Agriculture has become the **most important and controversial issue** in WTO. Agriculture is particularly important for developing countries, because around 75% of the population in developing countries live in rural areas, and the vast majority are dependent on agriculture for their livelihoods. The first proposal in Doha, in 2001, called for the end agreement to commit to substantial improvements in **market access**; reductions (and ultimate elimination) of all forms of **export subsidies**; and substantial reductions in **trade-distorting support**.

:: The **United States** is being asked by the European Union (EU) and the developing countries, led by **Brazil and India**, to make a more generous offer for reducing **trade-distorting domestic support** for agriculture. The US is insisting that the EU and the developing countries agree to make more substantial reductions in tariffs and to **limit the number** of import-sensitive and special products that would be exempt from cuts. **Import-sensitive products** are of most concern to developed countries like the EU, while developing countries are concerned with **special products** – those exempt from both tariff cuts and subsidy reductions because of development, food security, or livelihood considerations.

2. Access to patented medicines: A major topic at the Doha ministerial regarded the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (**TRIPS**). The issue involves the **balance of interests** between the pharmaceutical companies in developed countries that held patents on medicines and the **public health needs** in developing countries.

:: Before the Doha meeting, the United States claimed that the current language in TRIPS was flexible enough to address **health emergencies**, but other countries insisted on new language. In 2003, WTO members reached agreement on the TRIPS and medicines issue. It offered an interim waiver under the TRIPS Agreement allowing a member country to export pharmaceutical products made under **compulsory licenses** to least-developed and certain other members.

3. Special and differential treatment: In the Doha Declaration, the trade ministers reaffirmed special and differential (S&D) treatment for **developing countries**. The negotiations have been split along a developing-country/ developed-country divide. Developing countries claimed that the developed countries were not negotiating in good faith, while developed countries argued that the developing countries were unreasonable in their proposals. At the **2005 Hong Kong meet**, members agreed to **5 S&D provisions** for Least Developed Countries (LDCs), including the duty-free and quota-free access.

- 4. Implementation issues:** Developing countries claim that they have had problems with the implementation of the agreements reached in the earlier Uruguay Round because of **limited capacity or lack of technical assistance**. They also claim that they have not realized certain benefits that they expected from the Round, such as **increased access** for their textiles and apparel in developed-country markets. They seek a clarification of language relating to their interests in existing agreements. Before the Doha Meet, WTO members resolved a small number of these implementation issues. Outstanding implementation issues are found in the area of market access, investment measures, safeguards, rules of origin, subsidies and countervailing measures among others.

MAJOR ISSUES IN WTO NEGOTIATIONS

- A. Doha Development Round
- B. Singapore issues
- C. Quota Elimination
- D. Peace Clause

Doha Development Round

The Doha Development Round or Doha Development Agenda (DDA) is the **current trade-negotiation round** of the WTO which commenced in 2001. Its objective is to **lower trade barriers** around the world, which will help facilitate the increase of global trade. As of 2008, talks have stalled over a **divide on major issues**, such as agriculture, industrial tariffs and non-tariff barriers, services, and trade remedies. The most significant differences are between **developed nations** led by the European Union (EU), the USA, and Japan and the major **developing countries** led and represented mainly by India, Brazil, China, South Korea, and South Africa. There is also considerable contention against and between the EU and the USA over their **maintenance of agricultural subsidies**—seen to operate effectively as trade barriers.

Before the Doha, ministerial negotiations had already been under way on **trade in agriculture** and **trade in services**. These ongoing negotiations had been required under the last round of multilateral trade negotiations (the **Uruguay Round**, 1986–1994), the predecessor of WTO. However, some countries, including the United States, wanted to expand the agriculture and services talks to allow trade-offs and thus achieve greater trade liberalization.

The **first WTO ministerial conference**, which was held in **Singapore** in 1996, established permanent working groups on **4 issues**: transparency in government procurement, trade facilitation (customs issues), trade and investment, and trade and competition. These became known as the **Singapore issues**. These issues were pushed at successive conferences by the European Union, Japan and Korea, and opposed by most developing countries. Since no agreement was reached, the developed nations pushed that any new trade negotiations **must include these issues**.

The Doha Round committed all countries to negotiations **opening agricultural and manufacturing markets**, as well as trade-in-services (**GATS**) negotiations and expanded intellectual property regulation (**TRIPS**). The intent of the round, according to its proponents, was to make trade rules fairer for developing

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countries. However, by 2008, critics were charging that the round would expand a system of trade rules that were bad for development and interfered excessively with countries' **domestic "policy space"**.

The **2003 Cancún (Mexico) Ministerial talks** intended to forge concrete agreement on the Doha round objectives were collapsed- for several reasons. First, differences over the **Singapore issues** seemed incapable of resolution. The EU had retreated on some of its demands, but several developing countries refused any consideration of these issues at all. Second, the wide difference between **developing and developed countries** across virtually all topics was a major obstacle. The U.S.-EU agricultural proposal and that of the G20 developing nations, for example, show strikingly different approaches to special and differential treatment.

The collapse seemed like a victory for the developing countries. The **North-South divide** was most prominent on issues of **agriculture**. Developed countries' farm subsidies (both the EU's Common Agricultural Policy and the U.S. government agro-subsidies) became a major sticking point. The developing countries were seen as finally having the confidence to reject a deal that they viewed as unfavorable. This is reflected by the **new trade bloc** of developing and industrialized nations: the **G20**. Since its creation, the G20 has had fluctuating membership, but is spearheaded by the **G4** (China, India, Brazil, and South Africa).

During the **2004 Geneva Ministerial talks**, the EU accepted the elimination of **agricultural export subsidies** —by date certain. The Singapore issues were moved off the Doha agenda. Developing countries too played an active part in negotiations this year, first by India and Brazil negotiating directly with the developed countries. After intense negotiations, WTO members reached at the **Framework Agreement**, which provides broad guidelines for completing the Doha round negotiations. It contains **4 annexes** (A-D) covering agriculture, non-agricultural market access, services, and trade facilitation, respectively.

During the **2005 Hong Kong Talks**, a deal was reached that sets deadline for **eliminating subsidies of agricultural exports by 2013**. The final declaration also requires industrialized countries to open their markets to goods from the world's poorest nations, a goal of the United Nations for many years. The declaration gave fresh impetus for negotiators to try to finish a comprehensive set of **global free trade rules**.

The **2006 Geneva talks** failed to reach an agreement about reducing farming subsidies and lowering import taxes. A successful outcome of the Doha round became increasingly unlikely; because the broad **trade authority** granted under the **Trade Act of 2002** to U.S. president George W. Bush was due to expire in 2007. Any trade pact would then have to be approved by the U.S. Congress with the possibility of amendments, which would hinder the U.S. negotiators and decrease the willingness of other countries to participate.

The **2008 Geneva Talks** on the Doha round were stalled. The **two new drafts for negotiations in agriculture and industrial goods (NAMA)** were issued by the WTO at Geneva. The two new drafts showed very little areas of convergence, it linked the tariff reduction coefficients with the **flexibilities for developing countries**. It was apprehended that the NAMA text, if accepted would doom the future of many

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small and medium sized units and also cause problems to the fishery sector. The farm draft ignored the very basic aspect of food & **livelihood security** of the Third World.

In the Nama draft, the **flexibilities meant for developing countries** to keep their sensitive industries out of tariff reduction commitments, as promised in the Doha mandate had been completely taken away while developing countries are required to cut their tariffs by a greater proportion than developed countries, so much for the 'less-than-full-reciprocity' enshrined in the mandate. The negotiations crisis was further deepened over **falconer Draft** which provides for **Special Safeguard Mechanism (SSM)**, a measure designed to protect poor farmers by allowing countries to impose a special tariff on certain agricultural goods in the event of an import surge or price fall. United States, China and India could not agree on the **threshold** that would allow the mechanism to be used.

G-33 has been seeking flexibilities in the form of adequate no. of special products in agriculture which will not be subject to tariff cuts and a SSM which will be invoked to address the destructive impacts of imports. **India was upset** that the new proposals set a limit on a safeguard mechanism for protecting India's small and marginal farmers. In the draft, there were only 3-8 products on which India and other 45 countries in the G-33 Coalition could invoke the Special Safeguard Mechanism. **G-20 and G-33 Nations** rejected the revised agricultural text for introducing new and divergent elements. Rising food prices were the cause of much concern to several countries. India called for change in paradigm in the talks to slash distortions such as domestic support and to give priority to **food security of developing countries**.

The **US and some EU members** blamed India for the failure of the talks; while others consider that India and China should not be blamed for the failure of the Doha round. **India** claimed that its position was supported by over 100 countries. The talks remained inconclusive. **In December 2008**, WTO brought out two revised draft modalities for agriculture and NAMA. But the negotiations could not resume. India took the initiative in **2009** to restart the process again by calling a **mini-ministerial meet** at Delhi. The Delhi meet called for resuming the negotiations in Geneva again.

The **2009 Geneva Ministerial** meeting was not a substantive negotiating round but a platform for Ministers to **review the functioning** of WTO, including the Doha Round, and to discuss issues such as monitoring and surveillance of disputes, accessions, Aid for Trade, technical assistance and international governance. The main negotiating issues and the key elements from India's perspective in the Doha Round are to **honor the development dimension**; protecting the interest of poor farmers and industry and seeking greater market opportunities for its farmers and industry. India has been engaging with coalition groups to ensure that India's key interests are maintained.

Singapore Issues

The "Singapore issues" refers to **4 working groups** set up during the WTO Ministerial Conference of **1996** in Singapore. These groups are tasked with these issues:

- 1. Transparency In Government Procurement:** Government procurement, also called public tendering or public procurement, is the **procurement of goods and**

services on behalf of a public authority, such as a government agency. With 10 to 15% of GDP in developed countries, and up to **20% in developing countries**, government procurement accounts for a substantial part of the global economy. To prevent fraud, waste, corruption or local protectionism, the law of most countries regulates government procurement more or less closely. Government procurement is also the subject of the **Agreement on Government Procurement (GPA)**, a plurilateral international treaty under the auspices of the WTO.

2. Trade facilitation (customs issues): Trade facilitation looks at how **procedures and controls governing the movement of goods** across national borders can be improved to reduce associated cost burdens and maximise efficiency while safeguarding legitimate regulatory objectives. **Business costs** may be a direct function of collecting information and submitting declarations or an indirect consequence of border checks in the form of delays and associated time penalties, forgone business opportunities and reduced competitiveness. "Trade facilitation" is largely used by institutions which seek to **improve the regulatory interface** between government bodies and traders at national borders.

3. Trade and investment

4. Trade and competition

These issues were pushed at successive Ministerial Meets by the **European Union, Japan and Korea**, and **opposed by most developing countries**. The United States was lukewarm about the inclusion of these issues, indicating that it could accept some or all of them at various times, but preferring to focus on market access. **Disagreements** between largely developed and developing economies prevented a resolution in these issues, despite repeated attempts to revisit them.

Quota Elimination

Quota Elimination refers to an initiative to **eliminate the use of quotas in all textile and clothing trade** between nations which are members of the WTO. Doing so was one of the key commitments undertaken at the WTO **Uruguay Round** in 1994. The **ATC**, that is the WTO Agreement on Textile and Clothing, is the regulation governing textile and clothing and implements this commitment. The Agreement established a **10-year period** which would eliminate the use of quotas in all textile and clothing trade between WTO nations. It expired on December 31, 2004. As of January 1, 2005, the garment and fabric trade worldwide is **operating without quotas**.

Peace Clause

Trade negotiators generally refer to Article 13 of the **WTO's Agreement on Agriculture** as the Peace Clause. Article 13 holds that domestic support measures and export subsidies of a WTO Member that are legal under the provisions of the Agreement on Agriculture **cannot be challenged** by other WTO Members on grounds of being illegal under the provisions of another WTO agreement. The Peace Clause has **expired on January 1, 2004**. It is now possible, therefore, for developing countries and nations favoring free trade in agricultural goods to use the WTO dispute settlement mechanism in order to challenge, in particular, U.S. and EU export subsidies on agricultural products.

CRITICISM OF THE WORLD TRADE ORGANIZATION

The stated aim of the WTO is to **promote free trade and stimulate economic growth**. The actions and methods of the WTO evoke strong antipathies. Among other things, the WTO is accused of **widening the social gap** between rich and poor it claims to be fixing. Critics argue that the WTO does not manage the global economy impartially, but in its operation has a **systematic bias toward rich countries** and multinational corporations, harming smaller countries which have less negotiation power. Some suggested examples of this bias are:

- Rich countries are able to maintain **high import duties** and quotas in certain products, blocking imports from developing countries (e.g. clothing);
- The increase in **non-tariff barriers** such as anti-dumping measures allowed against developing countries;
- The maintenance of **high protection of agriculture** in developed countries while developing ones are pressed to open their markets;
- Many developing countries do not have the **capacity to follow the negotiations** and participate actively in the Uruguay Round; and
- The TRIPs agreement which **limits developing countries** from utilizing some technology that originates from abroad in their local systems (including medicines and agricultural products).

Many argue that **developing countries have not benefited** from the WTO Agreements of the Uruguay Round, and, therefore, the credibility of the WTO trade system could be eroded. One of the major categories of 'problems of implementation of the Uruguay Round' is the way the Northern countries have **not lived up to the spirit of their commitments** in implementing (or not implementing) their obligations agreed to in the various Agreements. Doha Round negotiations have veered from their proclaimed direction oriented to a **development-friendly outcome, towards a 'market access' direction** in which developing countries are pressurized to open up their agricultural, industrial and services sectors.

Labour and environment

Other critics claim that the issues of labor and environment are **steadfastly ignored**. WTO should begin to address the link between trade and labor and environmental concerns. In the absence of **proper environmental regulation** and resource management, increased trade might cause so much adverse damage that the gains from trade would be less than the environmental costs. Further, **labor unions condemn** the labor rights record of developing countries, arguing that to the extent the WTO succeeds at promoting globalization, then in equal measure do the environment and labor rights suffer.

Rich-country lobbies are seeking on imposing their unrelated agendas on trade agreements. These lobbies and especially the **rich charities** have now turned to agitating about trade issues with much energy understanding. Therefore, many have criticized the **introduction of TRIPs** into the WTO framework, fearing that such non-trade agendas might overwhelm the organization's function. Taken in isolation, TRIPs resulted in **reduced welfare for developing countries** and the world as a whole. Intellectual property does not belong in the WTO, since protecting it is simply a matter of

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royalty collection. The matter was **forced onto the WTO's agenda** during the Uruguay Round by the pharmaceutical and software industries, even though this risked turning the WTO into a glorified collection agency.

Decision making

Another critic has characterized the "Green room" discussions in the WTO as **unrepresentative and non-inclusive**; more active participants, representing more diverse interests and objectives, have complicated WTO decision-making, and the **process of "consensus-building"** has broken down. Results of green room discussions are presented to the rest of the WTO which may vote on the result. They have thus proposed the establishment of a **small, informal steering committee** (a "consultative board") that can be delegated responsibility for **developing consensus** on trade issues among the member countries.

Many label WTO as the **most non-transparent** of international organisations, because the vast majority of developing countries have very little real say in the WTO system. Many non-governmental organizations are calling for the creation of a **WTO parliamentary assembly** to allow for more **democratic participation** in WTO decision making. Such an assembly will have a more prominent role to play in the form of parliamentary scrutiny, and also in the wider efforts to reform the WTO processes, and its rules.

INDIA'S STAND

India is strongly in favour of a **fair and equitable rule-based multilateral trade regime**; therefore India is keen to conclude the Doha Round early. India favours resumption of the multilateral negotiations at an early date based on the following:

1. The draft text in respect to **Agriculture** and **NAMA** should be the basis on which further negotiations are held. A substantial amount of work has gone into preparing these texts and there is no reason to review them or to introduce new elements into these texts.
2. **Development in the developing countries** is at the core of these negotiations. Food and **livelihood security** of the poor is critical to developing countries and cannot be compromised under any circumstances.
3. All issues being discussed in the negotiations are part of a single undertaking; therefore, **adequate balance** amongst major issues has to be ensured in the agreement.

THE FUTURE OF THE WTO

An important analysis of the future of the WTO and the institutional challenges it faces was carried out in 2004 by the **Advisory Board chaired by Peter Sutherland**. However, no practical action was taken. The debate on the decision-making process, mandate, functioning and future of the WTO should be resumed in the light of the latest developments, with a view to increasing both its effectiveness and its legitimacy.

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- 1 The appropriateness of the **institutional structure** of the WTO;
- 2 The need to ensure **consistency and coordination** with the action being taken by other international organization;
- 3 The importance of the **parliamentary dimension of the WTO** in order to enhance the democratic legitimacy and transparency of WTO negotiations;
- 4 **Equal and effective participation** by all members, particularly LDCs;
- 5 Importance of **capacity building & technical assistance** for developing countries;
- 6 Introduction of a **more democratic system of decision-making** at the QTO that takes into account the views of the entire membership, which comprises countries at varying levels of development;
- 7 The need to examine various methods and procedures with a view to facilitating, on a **case by case basis**, the emergency of consensus;
- 8 The **limits of the formula of the –Rounds** of negotiations involving all WTO members on a very wide range of subjects;
- 9 The need to disconnect an much as possible **multilateral negotiations** from the national political situation of the different WTO Members;
- 10 The possibility of examining proposals and compromises prepared by **independent panels of experts**;
- 11 The issues of **external transparency**; the involvement of the civil society;
- 12 The reform of the **dispute settlement system**.

INDIA'S KEY HAZARDS/ DISASTERS

The Intergovernmental Panel on Climate Change (**IPCC**) came to the conclusion that, worldwide the **frequency and magnitude** of all types of natural disasters are on the rise. Discernible changes in weather with a **general increase in temperature** (or a decrease in the number of cold days) have been observed in nearly all the land masses. There is also an increase in the **frequency of heavy precipitation** events. In some regions of the country, the **frequency and intensity of droughts** have increased over the past few decades. Projections for India show that the number of „hot“ and „very hot“ days will continue to rise.

It is also likely that the intensity and frequency of extreme precipitation events will increase over many areas, resulting in **greater number of floods and landslides**. Mid-continental areas would generally become drier, thus increasing the risk of **summer droughts and forest fires**. Increase in **tropical cyclone peak wind intensities** and mean and peak precipitation intensities are expected to be on the rise. Such increasing trends in natural disasters will inevitably create disaster situations. Should these dire prognostications come to pass, disaster management will become a very critical issue in the coming years.

India is **very vulnerable** to natural hazards because of its unique geo-climatic conditions. Disasters occur in India with **grim regularity** causing enormous loss of life and property. Almost **85% of the country** is vulnerable to single or multiple disasters and about 57% of its area lies in high seismic zones. Approximately **40 million hectares** of the country's land area is prone to flood, about 8% of the total land mass is vulnerable to cyclone and 68% of the area is susceptible to drought. Of the 35 states and UTs, 27 are prone to one or more of these 'events'. To this, it must be added that some areas are also vulnerable to **industrial, chemical and biological disasters**.

The **magnitude of loss of human lives and livelihood** in our country due to such disasters is excessive by any modern standard. There is no reason why more than 13,000 deaths, and more than 2 lakh houses destroyed should have been the result of an earthquake measuring 6.9 on the Richter scale in **Gujarat** whereas earthquakes of similar measurements in USA or Japan have had relatively little impact. Tragedies like the **Bhopal gas leakage** (Methyl Iso-Cynate) and regular outbreaks of floods and droughts in different parts of the country every year indicate that much more needs to be done to achieve holistic disaster management in the country.

In terms of **erosion of resources**, disasters have proved **frightfully expensive**. According to a recent study by the **World Bank**, **2.25% of the GDP** and more than 12% of the revenue of the country were lost due to natural disasters during 1996-2000, when the country was hard put to mobilize equivalent resources for health care. **11th Finance Commission** provided an amount of more than Rs. 11000 crores for the **Calamity Relief Fund** (CRF) for the period 2000-2005. Besides, a further amount of Rs. 8000 crores was spent under the National Calamity Contingency Fund (NCCF).

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12th Finance Commission further enhanced the allocations of CRF to Rs. 21000 crores for the period 2005-2010. Apart from assistance from the CRF and the NCCF, **additional resources** had to be mobilized from multilateral financial institutions following severe disasters like the Gujarat earthquake (Rs. 8000 crores) and the Tsunami (Rs. 10000 crores) for long term rehabilitation and reconstruction. This has serious implications for **macro-economic management** and development planning.

Arguably, the bulk of such expenditure could have been **avoided with better planning**, and measures for prevention and mitigation. Several **cross-country studies** have shown that investment in disaster prevention and mitigation is **highly cost effective**: for example, every dollar spent on mitigation saves three to five dollars on relief and rehabilitation. Unfortunately, **long-term benefits** of disaster prevention and mitigation have not been duly factored into our planning and administrative systems. Although the **broad principles of disaster management** are applicable to different types of disasters, each disaster category has its peculiar features, which need to be factored in disaster management efforts. A **brief description** of some major disasters, which India faces, is given here:

EARTHQUAKES

The **Himalayas**- the youngest among the mountain ranges- are still evolving and adjusting to **tectonic movements**; existence of **two major fault lines** located on its west and east, have resulted in **very severe earthquakes** in several parts of the Himalayan and surrounding regions. This makes the entire region covering **14 states** (located in western and central Himalayas, northeast, and parts of Indo-Gangetic basin) highly prone to earthquakes. The hilly regions are also prone to **earthquake-induced landslides**. The other seismically active regions of the country include the **Gulf of Khambhat** and **Rann of Kutch** in Western Gujarat, parts of peninsular India, the islands of Lakshadweep and Andaman and Nicobar Islands.

Based on seismic data of the past 100 years the **distribution of earthquakes of 5.0 or more** on the Richter scale and their recurrence (return period) has been worked out in Table below:

Region-wise Earthquakes (M>5.012) 1897-2006						
Sr. No.	Seismic region	No. of earthquakes of magnitude				Return period
		5-5.9	6-6.9	7-7.9	8.0+	
1	Kashmir & Western Himalayas	25	7	2	1	2.5-3 yrs
2	Central Himalayas	68	28	4	1	1 yr
3	North East India	200	130	15	4	<4 months
4	Indo-Gangetic Basin	14	6	-	-	5 yrs
5	Cambay and Rann of Kutch	6	5	2	1	7 yrs
6	Peninsular India	32	10	-	-	2.5-3 yrs
7	Andaman & Nicobar Islands	80	68	1	1	<8 months

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Earthquakes can **neither be prevented nor predicted** in terms of their magnitude, or place and time of occurrence. Therefore, the most effective measures of **risk reduction** are pre-disaster mitigation, preparedness and preventive measures for reducing the vulnerability of the built environment combined with expeditious and effective rescue and relief actions immediately after the occurrence of the earthquake.

CYCLONES

More than **8000 km of coastline** in the east and the west face the hazards of tropical cyclones, and associated storm surges and heavy rainfall, before and after the monsoon. **Post-monsoon cyclones** are usually more intense both in numbers and intensity. It has been estimated that around **60% of the cyclonic storms** that develop in the Bay of Bengal approach or cross the east coast in October and November. Only 25% of the storms that develop over the Arabian Sea hit the west coast.

The **'super cyclone'** that hit the coastal areas of Orissa in October 1999 had wind speeds of 270-300 km per hour accompanied by **torrential rains** for the next three days. Sea waves that hit the coast were 7 m high. The super cyclone caused extensive damage **killing about 10,000 people** & lakhs of livestock population. Over 2 mn houses were damaged, and economy, infrastructure & environment were devastated.

An effective cyclone disaster **prevention and mitigation plan** requires: (i) efficient cyclone **forecast** - and warning services; (ii) rapid **dissemination** of warnings to the government agencies, particularly marine interests like ports, fisheries and shipping and to the general public and (iii) construction of cyclone **shelters** in vulnerable areas, a ready machinery for evacuation of people to safer areas and community preparedness at all levels to meet the exigencies.

Cyclone shelters are quite successful across the world. In **densely populated coastal areas**, where large scale evacuations are not always feasible, **public buildings** can be used as cyclone shelters. These buildings can be so designed, so as to provide a blank façade with a minimum number of apertures in the direction of the prevailing winds. The shorter side of the building should face the storm, so as to impart least wind resistance. Earth berms and green belts can be used in front of these buildings to reduce the impact of the storm.

TSUNAMIS

Tsunamis are large waves generated by **sudden movements of the ocean floor** that displace a large volume of water. Although usually associated with **earthquakes**, tsunamis can also be triggered by other phenomena like submarine or terrestrial landslides, volcanic eruptions, explosions or even bolides (e.g., asteroid, meteor, and comet) impacts. Tsunamis have the **potential to strip beaches**, uproot plantations, and inundate large inland tracts and extensively damage life and property in coastal areas. The **Indian coastal belt had not recorded many tsunamis** in the past although the earthquakes of 1881 and 1941 over the Bay of Bengal had caused some damage in the Andamans region. The earthquakes of 1819 and 1845 near the Rann of Kutch also created rapid movements of water in the Arabian Sea. The 1945 Makran earthquake generated a tsunami of 12 to 15 meters height causing some damage in the Gulf of Cambay and Mumbai.

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The phenomenon of tsunami that usually occurs near **seismically active spots in the Pacific Ocean** was uncommon in India till it hit the east and west coast in **December 2004**. The waves that struck our mainland were 3-10 m high and penetrated 300 metres to 3000 metres inland causing severe damage to life and property in the coastal areas of **Andhra Pradesh, Tamil Nadu, Pondicherry**, Kerala and Andaman and Nicobar Islands, devastating and crippling the coastal economy as never before. The confirmed death toll in India was over 12,000. 75% of the fatalities were women and children. More than **1000 villages** were affected, and over 1, 50,000 houses were destroyed and 40,000 hectares of ripe agricultural land was damaged. The total estimated value of damages is over Rs. 11,000 crores (Approx US \$2.56 billion).

FLOODS

Floods occur regularly in India affecting about **10% of area**. The term flood is generally used when the water-flows in rivers, streams and other water bodies cannot be contained within natural or artificial banks. According to the estimates of the **National Flood Commission** (1980), States of **Assam and Bihar** are the worst affected by floods followed by U.P. and West Bengal. However, during monsoon months, **all states are prone to floods**, including even Rajasthan.

The **severity of flooding** at any location is a function of factors such as intensity and extent of rainfall and antecedent conditions of **catchment area**, physical characteristics of the river, topography etc. In many cases, the natural process of flooding is aggravated by **man-made hindrances** to free out-flow/ absorption of floodwater both in agricultural areas and particularly in **urban areas** with unplanned or unauthorized construction activities; sudden large releases from **upstream reservoirs**, which often is more than the carrying capacity of the basin results in massive destruction of river embankments and downstream flooding. Increasing pace of urbanization, **population growth and development** have all led to pressures on the flood plains magnifying the damage caused by floods.

The incidence of floods in recent times in **urban areas such as Mumbai, Surat, Vadodara** and other places is symptomatic of this trend and is the direct result of unauthorized construction activities in flood plains and river beds, poor urban planning and implementation, lack of investment in **storm water drainage** and sewerage for several decades as well as inadequate planning and response mechanisms. Most recently, the **Uttarakhand floods** in upper-streams including Kedarnath, Badrinath, Guptkashi etc. caused havoc claiming thousands of lives, mostly pilgrims. These were caused by a number of factors like **cloud burst and consequent landslides**.

Freak weather conditions, possibly the result of **global warming**, have been reflected in incessant rains in **August 2006**, resulting in floods in the deserts of **Rajasthan**, leading to loss of about 300 lives, immense damage to housing and infrastructure and widespread devastation in an area where people are not used to floods and have few mechanisms to cope with the disaster. The country has to shift towards **efficient management** of flood plains, disaster preparedness, response planning, flood forecasting and warning.

Flood Control and Management

- There should be a **master plan** for flood control and management for each flood prone basin.
- Adequate **flood-cushion** should be provided in water storage projects, wherever feasible, to facilitate better flood management. In highly flood prone areas, flood control should be given **overriding consideration** in reservoir regulation policy even at the cost of sacrificing some irrigation or power benefits.
- While **physical flood protection works** like embankments and dykes will continue to be necessary, increased emphasis should be laid on non-structural measures such as **flood forecasting and warning**, flood plain zoning and flood proofing for the minimisation of losses and to reduce the recurring expenditure on flood relief.
- There should be **strict regulation of settlements** and economic activity in the flood plain zones along with flood proofing, to minimise the loss of life and property on account of floods.
- The **flood forecasting activities** should be modernised, value added and extended to other uncovered areas.
- **Inflow forecasting to reservoirs** should be instituted for their effective regulation.

LANDSLIDES AND AVALANCHES

Landslides are **mass movements of rocks, debris or earth**, down mountain slopes or riverbanks. Such movements may occur gradually, but sudden sliding can also occur without warning. They often take place in conjunction with **earthquakes, floods and volcanic eruptions**. At times, **prolonged rainfall** causing heavy landslides block the flow of rivers for quite some time, which on bursting can cause havoc to human settlements downstream.

The **hilly terrains** of India, particularly in the Himalayas and the Western Ghats, are most vulnerable to landslides. The **Himalayan mountain belt** comprises of **tectonically unstable** younger geological formations and often the slides are huge, and in most cases, the overburden along with the underlying lithology is displaced during sliding, such as in the Malpa landslide of 1998 when an entire village was buried by a huge landslide. In contrast, the **Western Ghats and Nilgiri Hills** are geologically stable but have uplifted plateau margins influenced by neo-tectonic activity and the slides are usually confined to the **over burden** without affecting the bedrock beneath. The slides are generally in the nature of debris flows occurring mainly during monsoons, but the effects are felt more acutely due to **higher density of population** in the region.

Measures to control landslides include **micro-zonation** so as to regulate settlements in hazard prone areas, **non-interference** with the natural water channels, construction of **retaining walls** against steep slopes and strengthening of weak areas with grouting. In India, landslide studies are conducted by a number of institutions, research and academic. However, there is a need for **better coordination** among these institutions and also the user agencies.

The **sliding down of snow cover** on mountain slope causes **avalanches**. Avalanches may occur due to a **combination of factors** such as the slope of the mountain, depth of snow cover, wind velocity and atmospheric temperature, vibrations caused by gunfire and strength of resisting forces like vegetation cover of trees and

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shrubs. When the **balance between the gravitational force** of snow cover and the resisting force of the slope and the anchoring effect of shrubs are lost, avalanches are caused. Avalanches create various **disaster situations** for the local administration; road traffic may be blocked and communication links to vital areas may be disrupted and winter sports may be disturbed stranding tourists in places with scant facilities. **Small rivers** may be blocked creating danger of downstream flooding. Avalanches may sometimes hit or bury human settlements down the slopes, as in the Kashmir avalanche of 2005, which killed 300 persons, mostly living in temporary winter hutments.

Mitigation Measures for Avalanches

These can be classified into structural and non-structural measures:

1. Structural measures:

- a. Planting (Avalanche Prevention Forest)
- b. Stepped Terraces
- c. Avalanche Control Piles
- d. Avalanche Control Fence
- e. Suspended Fences
- f. Snow Cornice Control Structures
- g. Protection structures such as stopping, deflecting and retarding structures.

2. **Non-structural measures**- removing snow deposits on slopes by blasting, predicting avalanches and evacuating people from vulnerable areas.

INDUSTRIAL DISASTERS

Among the **man-made disasters**, probably the most devastating (after wars) are industrial disasters. These disasters may be caused by chemical, mechanical, civil, electrical or other process failures in an industrial plant due to **accident or negligence**, which may cause widespread damage within and/or outside the plant. The worst example globally was the **Methyl Iso-cyanate gas** leak in 1984 from the Union Carbide Factory in Bhopal (**Bhopal Gas Tragedy**) which has so far claimed more than **20,000 lives** and injured several lakh persons besides stunting the growth of a generation born from the affected population. This disaster triggered a completely new legal regime and practices for preventing such disasters.

In the pre-Bhopal Gas Tragedy era, **industrial safety** was governed by legislations like the Factories Act, 1948 and the Explosives Act, 1884. These laws proved to be inadequate to provide safety to workers as well as to the people living in the surrounding areas. After the Bhopal Gas Tragedy, a new chapter was inserted in the **Factories Act, 1948** dealing with hazardous processes. The **Environment Protection Act, 1986** was enacted. More importantly, **several Rules were promulgated** under the Act. Important among them are:

1. The Environment (Protection) Rules, 1986.
2. Hazardous Waste (Management and Handling) Rules, 1989.
3. The Manufacture, Storage and Import of Hazardous Substances Rules, 1989/ 2000.
4. The Public Liability Insurance Act and Rules and Amendment, 1992.
5. The Chemical Accidents (Emergency Planning, Preparedness, and Response) Rules, 1996.

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6. The Environment (Siting for Industrial Projects) Rules, 1999.
7. The Municipal Solid Wastes (Management and Handling) Rules, 2000.
8. The Ozone Depleting Substances (Regulation and Control) Rules, 2000.

Over 1600 **major industrial hazard** units are located in 245 districts in 19 States/ UTs. **Stringent environmental protection laws** have prevented major industrial disasters after Bhopal, but minor disasters do take place on and off site and also during transportation of hazardous materials, which claim a number of lives each year besides creating environmental problems. Industrial disasters are a major concern today because of increase in the **pace of industrialization**. With rapid industrialization, the threat of industrial disasters has increased. However, in spite of the existence of a large number of laws, their **enforcement** has left much to be desired.

EPIDEMICS

In India, the **major sources** of epidemics can be broadly categorized as follows: (a) **Water-borne** diseases like cholera (and forms of gastroenteritis), typhoid, Hepatitis A, Hepatitis B etc - major epidemics of such diseases have been recorded in the past and continue to occur; (b) **Vector-borne** (often mosquito-borne) epidemics like dengue fever, chikungunya fever, Japanese encephalitis, malaria, kala-azar etc, which usually occur in certain regions of the country; (c) **Air-borne diseases** like influenza and measles that can also be transmitted through fomites (used clothes etc.); and (d) **Person to person transmission** of diseases e.g. AIDS and other venereal diseases.

In addition to the above, there are certain types of emerging **infectious diseases** such as epidemic of Severe Acute Respiratory Syndrome (**SARS**), which had occurred in China or the recent outbreak of **avian flu** in poultry in certain parts of the country and which has the potential of being transmitted to human beings. Epidemics due to the **Dengue virus** have occurred in many metropolitan cities of India and outbreak of various other types of viral diseases is also a recurring phenomena.

Epidemics often take place due to **poor sanitary conditions** leading to **contamination** of food and water or due to inadequate disposal of human or animal carcasses in post-disaster situations. They become real dangers during floods and earthquakes. Sometimes, **poor solid waste management** may create epidemics like plague. Incidence of **plague** is quite uncommon now but it can still occur claiming many human lives and disrupting normal life as it did in Surat in 1994.

Avian Influenza: The continuing outbreaks of highly pathogenic avian influenza (HPAI) in some parts of the country have spelt disaster for the **poultry industry** and have raised serious public health concerns. Over a million domestic poultry have either died or been destroyed. **Economic losses** to the poultry sector are likely to have serious implications, but despite control measures the disease continues to recur, causing further economic losses and threatening the livelihood of millions of poor livestock farmers, jeopardizing **small-holder entrepreneurship** & commercial poultry production & seriously impeding regional and international trade & market opportunities.

The HPAI virus has the potential of being **transmissible among human beings**, thereby causing threat to millions of lives. It has been estimated by the WHO that millions of people could die of HPAI, should a human pandemic occur. Considering

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the potential for this scenario, it is imperative to have a **synergy between global and national strategy** to help stem the broad negative impact of the disease. The **long-term vision** of the strategy is to minimize the global threat and risk of HPAI in domestic poultry and humans, through progressive control and eradication of HPAI, particularly that caused by **H5N1 virus**, from terrestrial domestic poultry in the country. Achieving this goal will diminish the global threat of a human pandemic, stabilize poultry production, enhance a robust regional and international trade in poultry and poultry products, increase human and food safety, and improve the livelihoods of the rural poor.

NUCLEAR HAZARDS

With increased emphasis on power generation through nuclear technology, the threat of nuclear hazards has also increased. The **Department of Atomic Energy** (DAE) has been identified as the nodal agency in the country in respect of **man-made radiological emergencies** in the public domain. Nuclear facilities in India have adopted internationally accepted guidelines for ensuring safety to the public and environment. A disaster management system is also in place to take care of any nuclear hazard. In addition to the other types of **emergency response plans** in place within the facility to handle local emergencies, response plans have also been drawn up for handling such emergencies in the public domain, which are called as **-off site Emergencies**. These plans - drawn up separately in detail for each site - which are under the jurisdiction of the local district administration, cover an area of about 16 km radius around the plant or the off-site **Emergency Planning Zone**.

DESERT LOCUSTS

Desert Locusts, **Schistocerca gregaria**, are undoubtedly the **most dangerous** of locust species. Under favourable environmental conditions, a few solitary individuals can dramatically multiply, form large swarms able to migrate great distances and **threaten agriculture** over a large part of Africa, the Middle East and Southwest Asia including India. In the last century, there have been 6 plagues of Desert Locusts, one of which lasted almost 13 years. Initial Desert Locust control efforts were **largely curative** but the trend in the 20th century had been toward **preventing** such plagues from occurring. Affected countries have assumed ever more responsibility for **monitoring locust breeding areas** and treating infestations before they increase in size and number. In fact, our knowledge of the Desert Locust has evolved along with the ability to manage locust plagues.

International cooperation lies at the core of an **effective strategy** for locust control. As a result, locust management decisions are based on **information gathered** by and exchanged with national agencies and international organizations that have developed programs to regularly monitor locusts and the weather in the desert before they reach agricultural areas. This strategy has proved to be quite effective because countries have come to accept that international cooperation is critical in the fight against the Desert Locust.

Nevertheless, plagues are not always prevented and often **substantial control operations** are required to reduce locust numbers and try to bring a halt to an upsurge or plague. It has become apparent that such operations could be strategically applied at certain times or in specific areas. One example is the delaying of control

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operations until locusts become **concentrated into a relatively small area**, which would allow more locusts to be treated using a lower quantity of pesticides applied over a smaller area. The challenge in coming years will be to evolve Desert Locust management strategies in a manner that ensures food security while minimizing any detrimental effects on the environment.

SLOW ONSET DISASTERS

Disasters can also be classified as „**slow onset**“ disasters and „**rapid onset**“ disasters. Earthquakes, cyclones, floods, tsunamis would fall under the category of rapid onset disasters; climate change (global warming), desertification, soil degradation, and droughts, would fall under the category of slow onset disasters. Slow onset disasters are also termed as **‘Creeping Emergencies’**. It may be added that with **‘prevention’** forming an integral part of the **‘management cycle’**, slow onset disasters like global warming, and desertification must find adequate **reflection in disaster preparedness**- these phenomena gradually erode the **‘health’** of ecosystems and expose societies to the vagaries of nature. Unlike the rapid onset disasters, their impact is not felt immediately; however societies lose their ability to derive sustenance from their surroundings, over a period of time. **Development policies** and the manner in which they are implemented are some of the main reasons for the slow onset disasters.

Climatic Change

The World’s climate has barely **changed since the industrial revolution**. The temperature was stable in the 19th century, **rose very slightly** during the first half of the 20th century, fell back in the 1950s-70s, then started rising again. Over the last 100 years, it has gone up by about **0.6 Degrees Celsius**. Previous changes in the world’s climate have been set off by variations either in the angle of Earth’s rotation or in its distance from the Sun. This time there is another factor involved: **man-made “green house” gases**.

Climate change is defined as **‘a statistically significant variation** in either the mean state of the climate or in its variability, persisting for an extended period (typically decades or even longer). Climate change may be due to **natural internal processes** or **external forces**, or to persistent **anthropogenic changes** in the composition of the atmosphere or in land use.’ Global warming caused due to the **–Greenhouse effect** is one of the major reasons for climate change. Global warming leads to melting of glaciers, rise in sea level and threatens low lying coastal areas (like the Sunderbans and entire nations such as Bangladesh and Maldives). **Unexpected and unseasonal rainfall and drought** in recent times is attributed to global warming. Combating global warming requires urgent and concerted efforts by the international community.

Droughts

Droughts refer to a **serious shortfall in availability of water**, mainly, but not exclusively, due to deficiency of rains, affecting agriculture, drinking water supply and industry. Droughts occur in several parts of the world and can bring **untold misery to populations** particularly those depending on agriculture and living on generally degraded land. The **causative factors** are both natural and man-made. The

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impact of droughts on societies varies depending on **coping capabilities** and the general health of the national economies concerned. Droughts in India have their own peculiarities requiring appreciation of some basic facts. These are:

- India has an **average annual rainfall** of around 1150 mm; no other country has such a high annual average, however, there is considerable annual variation. More than **80% of rainfall** is received in less than 100 days during the South-west monsoon and the geographic spread is uneven.
- **20% area** receives less than 700 mm rains annually making such areas the hot spots of drought. Inadequacy of rains coupled with adverse land-man ratio compels the farmers to practice **rain-fed agriculture** in large parts of the country.
- **Irrigation**, using groundwater aggravates the situation in the long run as groundwater withdrawal exceeds replenishment; in the **peninsular region** availability of surface water itself becomes scarce in years of rainfall insufficiency.
- **Per capita water availability** in the country is steadily declining. As against total annual availability 1953 km³, approximately 690 km³ of surface water and 396 km³ of from ground water resources can be put to use. So far, a quantum of about 600 km³ has been put to use.
- The traditional **water harvesting systems** have been largely abandoned.

The above factors demonstrate the **complexity of Indian droughts** and the constraints which rule out **'perfect solutions'**. Further, the causes for droughts are increasingly attributable to the mismatch between supply and demand, particularly the demand for non-agricultural purposes. In other words, it is not as if a simple pre-existing problem is awaiting better remedies, the problem itself is becoming more complex.

It also needs to be appreciated that, like anywhere else in the world, agriculture in India is affected by weather in all its phases - from tillage and sowing to post-harvest disposal. Thus, while adequate availability of water is **crucial to agriculture**, it continues to be affected by other variables such as temperature, humidity, solar radiation and wind patterns.

Desertification and Soil Degradation

Any kind of **land degradation** can be termed as desertification. This can take place due to soil erosion, increasing **alkalinity in soil and water-logging**. Land degradation is estimated to affect one third of the total area of the country. While desertification poses **serious livelihood challenges** for the affected populations, for areas under stress of soil erosion and land degradation the process of desertification is accelerated due to continuing cultivation. About **8.6 million hectares** of India's land area is afflicted with the twin problems of alkalinity and salinity coupled with water-logging, which seriously reduces agricultural productivity and has grave implications for our food security system.

Sea Erosion

The **landward displacement of the shoreline** caused by the forces of waves and currents is termed as erosion. Coastal erosion occurs when wind, waves and long shore currents move sand from the shore and deposit it somewhere else. The sand can be moved to another beach, to the deeper ocean bottom, into an ocean trench or

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onto the landside of a dune. The removal of sand from the **sand-sharing system** results in permanent changes in beach shape and structure. The impact of the event is not always seen immediately, but it is equally important when we consider loss of property that it causes. It takes months or years to note the impact.

So, this is generally classified as a **-long term coastal hazard**. While the effects of waves, currents, tides and wind are primary natural factors that influence the coast, other factors leading to coastline erosion are: the sand sources and sinks, changes in relative sea level and **geo-morphological characteristics** of the shore and sand, etc. Other **anthropological effects** that trigger beach erosion are: construction of artificial structures, mining of beach sand, offshore dredging, or building of dams.

About **23% of India's mainland coastline** of 5423 km is getting affected by erosion, according to a survey. As much as 1248 km of the shoreline was getting eroded all along the coast with 480 km of the 569 km shoreline of Kerala affected by the phenomenon. **Prevention measures** against sea erosion include (i) sea walls, (ii) gabions, (iii) boulders, (iii) revetments, (iv) steel piles, (iv) rock groynes and (v) offshore rock bars. The Ministry of Ocean Development has undertaken several **Shoreline Management Plan Projects**. The State Governments have also taken up implementation of anti sea erosion works.

Land Erosion by Sea or River

The erosion of land, whether by the sea in coastal areas or by river waters inland, should be minimized by **suitable cost-effective measures**. The States and Union Territories should also undertake all requisite steps to ensure that **indiscriminate occupation and exploitation** of coastal strips of land are discouraged and that the location of economic activities in areas adjacent to the sea is regulated. Each coastal State should prepare a **comprehensive coastal land management plan**, keeping in view of the environmental and ecological impacts, and regulate the developmental activities accordingly.

DISASTER RESPONSE MECHANISM IN INDIA

Over the centuries, local communities have developed their own **indigenous survival mechanisms**. This rich storehouse of knowledge is a part of our country's legacy. The **Arthashastra** (a treatise on public administration by Chanakya in the 4th century B.C), devoted a section to mitigation measures to combat famines. During **colonial rule**, recurrent disaster in the form of **widespread famines and locust invasions** were a common feature and to deal with these, various **famine commissions** were set up and **Famine Codes** were developed as a safeguard against famines. The entire disaster management exercise was confined to fighting natural calamities, particularly severe droughts causing famines.

After **Independence**, drought relief works were undertaken in areas affected by severe droughts. With the onset of the **green revolution** in the late 1960s the necessity for famine relief work declined and a holistic drought management programme was taken up in the form of the Drought Prone Areas Programme (**DPAP**). Legislation on disaster management at the national level was enacted in 2005 with the **Disaster Management Act, 2005**. Several states had also passed their own legislation on disaster management prior to the National Act.

The subject of disaster management does not find mention in any of the three lists in the **VII Schedule** of the Indian Constitution. The **community** is usually the first responder in case of a disaster. Field level response on behalf of the **government** in rural areas is by the nearest **police** station and the **revenue functionary**; in urban areas the response is articulated by agencies like the **civic authorities**, the **fire brigade** and the local police station. At present, **panchayats** do not have the capacity to react institutionally in any effective manner to such situations and it is the **district administration**, which retains the basic responsibility of handling disaster situations with the Collector playing a pivotal role.

Apart from natural disasters, certain other types of disaster are dealt with through **separate legislations** or rules framed thereunder. For example, the Chemical Accidents (Emergency Planning, Preparedness, and Response) Rules, 1996 have been framed under the Environment Protection Act. Similar Rules have been framed under Atomic Energy Act. Most States Governments have passed **Essential Services Maintenance Acts** (ESMA) to ensure provision of essential services during the time of disaster. The Code of Criminal Procedure (**Cr.P.C**) still remains the most important Act to tackle disaster situations due to public order problems.

ROLE OF STATE GOVERNMENTS

In India the basic responsibility to undertake **rescue, relief and rehabilitation** measures in the event of natural disasters rests with the **State Governments**. The entire structure of disaster administration in the State Governments had been oriented from the very beginning towards **post disaster relief** and

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rehabilitation. Most of the states have **Relief Commissioners** who are in charge of the relief and rehabilitation measures. The Relief Commissionerate is usually an adjunct of the **Revenue Department** whose main job is to administer land ownership, land revenue and tenurial conditions in rural areas and work under the Secretary of the Revenue Department.

In some states, the Revenue Secretary is also the **ex-officio Relief Commissioner**. This has the advantage of providing a direct chain of command to the district Collectors and the Tehsildars who are the main field functionaries in the districts and sub-districts, the basic units of administration, but the focus on disaster prevention and mitigation or even of preparedness is **missing** in such a supervisory framework. A few states have switched over to a **Disaster Management Department** with the required linkages with the various development and regulatory departments concerned with prevention, mitigation and preparedness.

Every state has a **Disaster Management Committee** under the chairpersonship of the **Chief Secretary**, consisting of secretaries in charge of concerned departments, which reviews disaster situations on a day-to-day basis at the time of disaster, coordinates the activities of all departments and provides decision support system to the district administration. At the ministers' level, a **Cabinet Committee on Natural Calamities** under the chairpersonship of the Chief Minister takes stock of situations and is responsible for all important policy decisions.

The **District Magistrate/ Collector** has the responsibility for the overall management of disasters in the district. He has the authority to **mobilize the response machinery** and has been given financial powers to draw money under the provisions of the General Financial Rules/ Treasury Codes. All departments of the State Government including the police, fire services, public works, irrigation etc. work in a **coordinated manner under the leadership of the Collector** during a disaster, except in metropolitan areas where the municipal body plays a major role. The District Collector also enjoys the authority to request for **assistance from the Armed Forces** if circumstances so demand. NGOs have also been effective in providing relief, rescue and rehabilitation in recent times.

ROLE OF UNION GOVERNMENT

Although the State Government concerned has the primary responsibility for disaster management, the Union Government plays a **key supportive role** in terms of **physical and financial resources** and providing complementary measures such as early **warning and co-ordination** of efforts of all Union ministries, departments and organizations. At the apex level, a **Cabinet Committee on Natural Calamities** reviews the disaster situations. A High Level Committee of Ministers under the chairmanship of Minister of Agriculture deals with the issue of financial support to be provided to the State Governments from the **National Calamity Contingency Fund**, if the funds available with the State Governments under Central Relief Fund are not adequate. Matters relating to nuclear, biological and chemical emergencies are looked after by the **Cabinet Committee on Security**.

The **Cabinet Secretary**, as the highest executive officer, heads the **National Disaster Management Committee** (NCMC). Secretaries of ministries and

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departments concerned and heads of other organizations are members of NCMC, which reviews and monitors disaster situations on a regular basis and gives directions to the **Disaster Management Group** as deemed necessary. The NCMC can give directions to any ministry, department or organization for specific action needed for meeting the disaster situation.

Till recently, the **Department of Agriculture and Cooperation** had the nodal responsibility for managing disasters. After the Gujarat earthquake in 2001, this responsibility has been shifted to the **Ministry of Home Affairs**. However, in view of the highly technical and specific nature of certain disaster events such as aviation disasters, rail accidents, chemical disasters and biological disasters etc; the ministries dealing with that particular subject have the **nodal responsibility** for handling that particular type of disaster, as shown below:

NODAL MINISTRIES FOR MANAGING DIFFERENT TYPES OF DISASTERS	
Type of Disasters	Nodal Ministry
Natural and Manmade Disasters	Home Affairs
Droughts	Agriculture
Air Accidents	Civil Aviation
Railway Accidents	Railways
Chemical Disasters	Environment
Biological Disasters	Health
Nuclear Accidents	Department of Atomic Energy

The **Central Relief Commissioner** in the Ministry of Home Affairs is the Chairman of the **Disaster Management Group** (CMG) consisting of nodal officers from various concerned ministries. The CMG's functions are to **review annual contingency plans** formulated by various ministries, departments and organizations in their respective sectors, measures required for dealing with a natural disaster, coordinate the activities of the Union Ministries and State Governments in relation to disaster preparedness and relief, and to obtain information from the nodal officers on all these issues. In the event of a disaster, the **CMG meets frequently** to review relief operations and extends all possible assistance required by the affected states to overcome the situation. The **Resident Commissioner** of the affected state is also associated with such meetings.

Schemes for **financing expenditure on relief** in the wake of natural calamities are governed by the recommendations of the **Finance Commission** appointed by the Government of India every five years. Under the existing scheme, each state has a corpus of funds called **Calamity Relief Fund (CRF)** administered by a State Level Committee headed by the Chief Secretary of the State Government. The **size of the corpus** is determined with reference to the expenditure normally incurred by the state on relief and rehabilitation over the **past 10 years**. In case the funds under CRF are not sufficient to meet the specific requirements, State Governments can seek assistance from the **National Calamity Contingency Fund (NCCF)** – a fund created at national government level. Both these funds, as the names suggest, are meant for relief and rehabilitation and **do not cover either mitigation or reconstruction works**, which have to be funded separately by the State or Union Government.

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Apart from this, the Union Government facilitates the services of the **Armed Forces**. The Armed Forces, in view of their ability to organize action in adverse ground circumstances, their **speed of operational response** and also the resources and capabilities at their disposal play a major role in assisting the civil administration particularly in emergency support functions such as communications, search and rescue operations, health and medical facilities, transportation, power, food and civil supplies, public works and engineering, in the immediate aftermath of major disasters.

Timely Action Saves Lives: On June 26, 2005, there was a **sudden breach in the artificial lake on river Parechu**, in Tibet (China) which led to an unprecedented rise in the water level of river **Satluj** and caused **flash floods in five districts of Himachal Pradesh**. Due to a timely alert sounded by the ITBP post at Lepcha and prompt action initiated by the State Government and Government of India for evacuation of people residing on the bank of rivers Spiti and Satluj, not a single human life was lost. The flash floods, however, caused **extensive damage to roads, bridges**, agricultural crops, government & private properties and other infrastructure.

INTERNATIONAL EFFORTS & HIGH POWERED COMMITTEE (HPC)

A paradigm shift in the **approach to disaster management** from relief & rehabilitation to prevention & mitigation and towards a **holistic & comprehensive framework**, took place with the **United Nations** deciding to observe the 1990s as the International Decade of Natural Disaster Reduction (**IDNDR**). National Governments were expected to pay special attention to measures to deal with natural disasters in a manner designed to minimize their occurrence and to mitigate hardships if they do occur. The efforts took concrete shape in India in **1999** with the constitution of a High Powered Committee (**HPC**) on Disaster Management.

Its mandate was to **suggest institutional measures** for effective management of both natural & man-made disasters. The HPC submitted its final report in **2001** outlining a vision to create a **disaster-free India** through adherence to the **culture of preparedness**, quick response, strategic thinking and prevention. The HPC came out with a large number of recommendations, dealing with the **constitutional and legal framework**, organizational structures and institutional mechanism in the overall disaster management system of the country.

CONSTITUTIONAL FRAMEWORK: NEED FOR A SEPARATE ENTRY

As stated earlier, the subject of disaster management does not find mention in any of the three lists in the **VII Schedule** of the Indian Constitution. The **NCRCW** (National Commission on Review of Working of Constitution) in **2000** recommended that –Management of Disasters and Emergencies, natural or man-made be included in **list three** i.e. the concurrent list of the Seventh Schedule of the Indian Constitution. High Powered Committee (**HPC**) in **2001** recommended that disaster management should find an appropriate mention in **any one of the three lists of the VII Schedule** to the Constitution. Before we examine the issue of where the subject should appropriately be included, it is necessary to **analyze the activities** that

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constitute 'disaster management' so as to ensure that these do not come into conflict with other entries in the three lists.

Disaster management encompasses all activities including **preparedness**, early warning systems, **rescue, relief and rehabilitation**. The term disaster includes natural calamities, health related disasters (epidemics), industrial disasters and disasters caused by hostile elements such as terrorists. There are already **various entries in the three lists**, which deal with some aspect or other of disaster management. „**Public order**“ finds a place in the State List, as does **Public Health**. Entries 14 and 17 in the State List deal with **Agriculture and Water** respectively. **Environment and Social Security** are included in the Concurrent List. **Atomic energy and Railways** are part of the Union List. In addition, after the 73rd and 74th amendments all civic powers have been delegated to local bodies.

Due to the **cross cutting nature of activities** that constitute disaster management and the **vertical and horizontal linkages** required which involve coordination between the Union, State and local governments on the one hand and a host of government departments and agencies on the other; setting up of a **broadly uniform institutional framework** at all levels is of paramount importance. The legislative underpinning for such a framework would need to ensure congruence and coherence with regard to the **division of labour and responsibilities** among the agencies at the Union, State and other levels. **2nd ARC** (Administrative Reforms Commission) recommended that a new entry, "**Management of Disasters and Emergencies, natural or manmade**", may be included in **List III** (Concurrent List) of the VII Schedule of the Constitution to best achieve the goals of disaster management.

LEGAL FRAMEWORK: EVOLUTION & PRESENT STATUS

Traditionally the **district administration** has been the focal point of disaster management activities and powers have been vested in the Collectors. While there was no comprehensive law on the subject, **laws and regulations** pertaining to certain specific types of disaster situations did exist. These include:

- **The Factories Act, 1948** amended after the Bhopal tragedy to include the right to information; along with the EPA, 1986 which lays down rules for the protection of land, water and air; and the Manufacture, Storage and Transport of **Hazardous Chemicals Rules, 1989** and the Chemical Accident (Prevention and Preparedness) Rules, 1996;
- **The Atomic Energy Act** combined with Rules notified under the Environment Protection act, 1986 (EPA) which provide for emergency response plans both on and off site for atomic accidents / disasters;
- **State Essential Services Maintenance Acts** (ESMA) which govern incidents involving disruption of essential public services;
- **Various Regulations/ Codes/ Rules** relating to different aspects of disaster management e.g. Coastal Zone Regulations, Building Codes, Fire Safety Rules etc;
- The **Code of Criminal Procedure**, which deals with public nuisance; **The Army Act**, which empowers civil administration to seek help of army during disaster; and
- State Public Health Acts; **State laws** dealing with public order & local governments.

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HPC drafted a **comprehensive legislation** on the subject in 2001 as **-National Calamity Management Bill**. This draft Bill aimed at ensuring efficiency and effective management of natural and other calamities and achieving greater coordination and responsiveness with respect to prevention and mitigation of disasters so as to provide better relief and rehabilitation of victims of disasters. Besides, HPC also drafted a **Model State Disaster Management Bill**.

At the time of **Gujarat earthquake** in **2001**, the Union Government announced important **policy decisions** for revamping the disaster management system in the country. These are:

- Disaster management with reference to **rapid onset disasters** was moved from the purview of the Ministry of Agriculture to the **Ministry of Home Affairs**. The Ministry of Agriculture retains the responsibility for droughts, pest attacks and hailstorms;
- State Governments were advised to reorganize their Relief & Rehabilitation Department into a separate **Disaster Management Department**;
- State Governments were further advised to constitute **State Disaster Management Authority** under the Chairmanship of State Chief Ministers and the District Disaster Management Committee under the Chairmanship of District Collectors;
- A specialized force comprising 8 battalions to be named as **National Disaster Response Force** to be constituted with state-of-the-art equipment and training to respond to various natural and man-made disasters;
- An advanced **fail-proof disaster communication network** would be set up through Emergency Operation Centres (EOC) at national, state and district levels;
- The **National Institute of Disaster Management** was set up at Delhi for training, capacity building, research and documentation on different aspects of disaster management in the country;
- **Basics of disaster management** to be introduced in school education, disaster resistant technologies to be introduced in engineering and architecture courses and emergency health management to be introduced in medical and nursing education;
- A **community based** disaster risk management programme to be launched in multi-hazard districts throughout the country.

While the post-Gujarat earthquake reform initiatives were still in their initial phase of implementation, a **devastating tsunami** hit many countries on the rim of the Indian Ocean including several states of our country. This experience brought home the necessity of further reforms in the system. Taking the institutional reform process further, the Union Government decided to formulate **comprehensive disaster management legislation**, providing for a legal and institutional framework of disaster management at all levels in the country.

While the Central law was under consideration, the following **state laws were passed**: (i) The Bihar Disaster Management Act, 2004, (ii) Uttaranchal Disaster Mitigation, Management and Prevention Act, 2005, (iii) The Gujarat State Disaster Management Act, 2003 and (iv) The Uttar Pradesh Disaster Management Act, 2005.

The **Bihar** Act is based on the model recommended by the HPC. The **Uttaranchal** Act contemplates constitution of a Disaster Mitigation and Management Center to focus on disaster management, creating awareness, networking & information exchange, establishing and operationalising an Advance Warning System in the region

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etc. The **Gujarat Act is quite different**. Here the **definition** of 'disaster' is wider than in the model proposed by HPC. The Gujarat Act also constitutes a **State Disaster Management Authority**, headed by the Chief Minister with state ministers and officers as its members. This Authority acts as the central planning, coordinating and monitoring body for disaster management. The Act does not constitute anybody at the district level but envisages that the **Collector would head** the disaster management efforts.

Meanwhile, Parliament enacted the **Disaster Management Act, 2005** by invoking entry namely „**Social security and social insurance, employment and unemployment**“ in the Concurrent List even though all aspects of disaster management cannot be said to be covered by this entry. **Salient features of Act** are given below:

THE DISASTER MANAGEMENT ACT, 2005: SALIENT FEATURES

- The Act **defines disaster** as 'a catastrophe, mishap, calamity or grave occurrence in any area, arising from **natural or manmade** causes, or by accident or negligence which results in substantial loss of life or human suffering or damage to, and destruction of, property, or damage to, or degradation of, environment, and is of such a nature or magnitude as to be **beyond the coping capacity of the community** of the affected area'.
- The Act provides for establishment of a **National Disaster Management Authority** (NDMA) with **Prime Minister** as the ex-officio Chairperson and other Members, not exceeding 9 in number. The NDMA shall be responsible to **lay down policies** on disaster management; approve the National Plan & plans prepared by various Ministries or Departments; lay down **guidelines** to be followed by the State Authorities in drawing up the State Plan; and **coordinate** the enforcement and implementation of the policy and plan for disaster management.
- The Act further provides for the constitution of a **National Executive Committee** (NEC). The **Secretary** in charge of the Ministry of the Central Government having administrative control of disaster management shall be ex officio Chairperson of the NEC. NEC shall act as the **coordinating and monitoring body** for disaster management & related aspects; **prepare the National Plan** to be approved by the National Authority; provide **technical assistance** to the State Governments; **evaluate preparedness** at all governmental levels; initiate **training** programme; and promote general education & awareness.
- At the **State level**, there shall be a **State Disaster Management Authority** (SDMA) with **Chief Minister** as ex officio Chairperson responsible for such functions similar to **NDMA** but at the State level. There shall be a State Executive Committee (SEC) on the lines of **NEC** with **Chief Secretary** as the ex officio Chairperson.
- At the **district level**, there shall be a **District Disaster Management Authority** (DDMA), with **Collector** as ex officio Chairperson, **elected representative** of the local authority as the ex officio co-Chairperson, and Chief Executive Officer, the Superintendent of Police, Chief Medical Officer, all ex officio and maximum 2 other district level officers to be appointed by the State Government, as members shall act as the district planning, coordinating and implementing body for disaster management and take all measures for the purposes of disaster management in the

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district in accordance with the **guidelines laid down by the National Authority and State Authority**.

- The Act provides for the preparation of a **hierarchy of Plans** at National, State and District levels. All these Plans shall be reviewed and updated **annually**. The **National Disaster Plan** shall be **prepared by the NEC** with regard to the national policy and in consultation with the State Governments and expert bodies and organizations and shall be **approved by the NDMA**. The National Plan shall include:
 - a. measures to be taken for the **prevention** of disasters, or the mitigation of their effects; **integration** of mitigation measures in the development plans;
 - b. measures to be taken for **preparedness and capacity building** to effectively respond to any threatening disaster situation or disaster;
 - c. **roles and responsibilities** of different Ministries or Department of the Government of India in respect of measures specified above
- **State Disaster Management Plan** shall be prepared by the SDMA in line with the National Plan and after consultation with the local authorities, district authorities and people's representatives as it may deem fit.
- **District Disaster Plan** shall be prepared by the DDMA in consultation with the local authorities and municipality and in line with the National and State Plan. Besides other things, the District Plan shall also include the **response plans in the event of a disaster**, providing for- allocation of **responsibilities** to various Departments; prompt **response** to disaster & relief thereof; **procurement** of essential resources; establishment of **communication** links; and dissemination of **information** to public.
- The Act further provides for the constitution of the **National Institute of Disaster Management** (NIDM) responsible for planning and promoting **training & research** in the area of disaster management, documentation and development of a national level information base.
- The Act further provides for the setting up of **National Disaster Response Force** (NDRF) for the purpose of **specialist response** to disaster or threatening disaster. The superintendence, direction and control of the Force shall vest in the NDMA.
- It provides for a **National Disaster Response Fund** (NDRF) under NEC and National Disaster Mitigation Fund under NDMA. Besides, every Ministry and Department shall make provisions in its **annual budget**, for funds for the purpose of carrying out the activities and programmes set out in its disaster management plans. The States shall constitute similar funds at the State and district levels.

Analysis of the Disaster Management Act, 2005

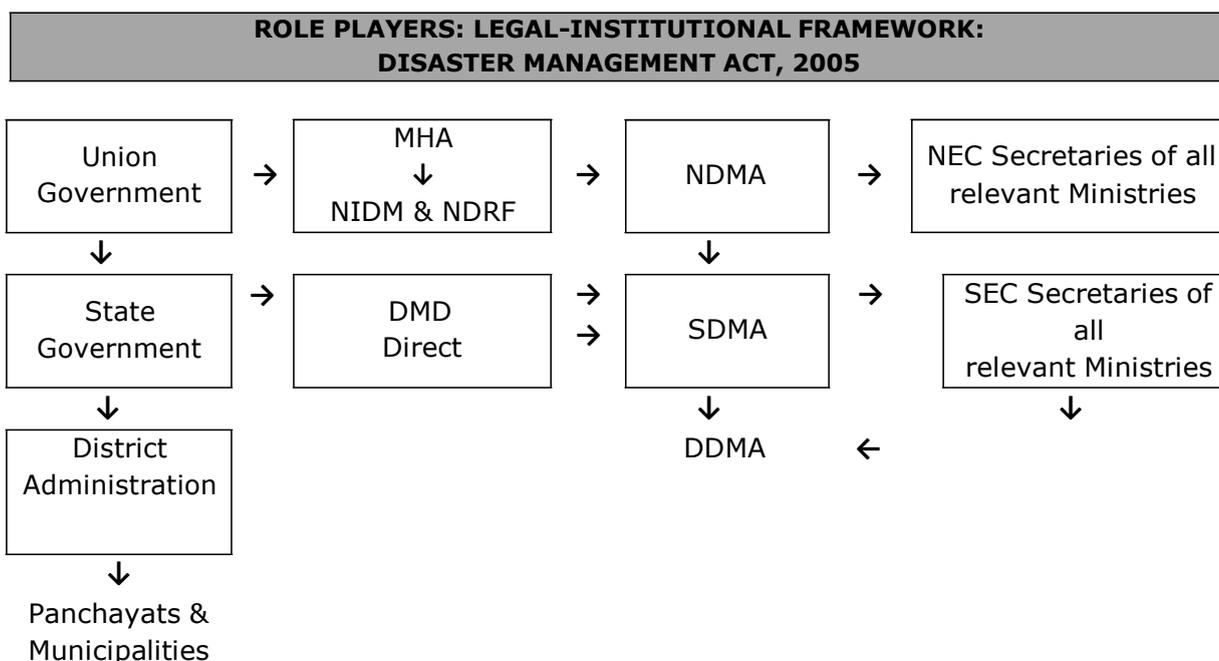
The scope of this definition does not cover a **variety of other crisis situations** that may or may not culminate in a disaster. The Act concentrates very **comprehensive powers and functions** at the national level. The NDMA as well as the NEC have been given the role not just of planning, coordinating, monitoring and providing assistance during a disaster but also **executive functions** related to implementation of the emergency relief and disaster response. The Act envisages a **unified structure** of disaster management in the country; the **integration** of this

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institutional structure with the existing constitutional, legal and administrative framework of the country may, however, **pose several problems**.

Under the Act, the NDMA and the NEC will not only approve the national plans and the plans of the respective union ministries/ departments; they will also lay down guidelines for the state authorities, coordinate the enforcement and implementation of these policies and plans for disaster management and ensure timely response. All these functions traditionally have been performed by State Governments. What, in fact, is however needed is **further empowerment and delegation** to the front-end functionaries when it comes to implementation of disaster management efforts. Moreover, in any disaster situation, **expeditious and appropriate response** is the essence, and the **field functionaries**, the State Governments and the line departments and ministries of the Union Government being aware of the field situation would be in the best position to provide timely and effective response, if they are fully authorized to do so.

International practices also do not normally involve setting up **centralized authorities** with command and control functions to deal with disasters. For example, in **the US**, the Federal Emergency Management Agency (**FEMA**) is an agency that operates under the control of the Department of Home Land Security for the purpose of **overseeing federal government assistance** in domestic disaster preparation, training of first responders and coordination of the government's disaster response efforts. Similarly, in **Japan**, although legislation provides an overall structure for planning and response, **local governments** have the primary responsibility of disaster management. **Bangladesh**, on the other hand, with its history of recurrent floods and cyclones, has adopted a more unitary model, setting up a Ministry of Disaster Management and Relief (MDMR) at the national level.



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Main Recommendations of 2nd ARC on Disaster Management Act 2005:

- a. Disaster Management should continue to be the **primary responsibility** of the State Governments and the Union Government should play a **supportive role**.
- b. The Act should provide **categorization of disasters** (say, local, district, state or national level) along with **intensity** of each type that will help in determining the level of **authority** primarily responsible as well as the **scale** of response and relief.
- c. The law should create a **uniform structure** at the apex level to handle all disaster headed by the PM at the national level and the CM at the state level.
- d. The **NEC need not be constituted**, and the NCMC should continue to be the apex coordination body. At the state level, the existing coordination mechanism under the Chief Secretary should continue.
- e. The role of the **local governments** should be brought to the forefront for disaster management.
- f. The law should make provisions for **stringent punishment** for misutilisation of funds meant for disaster management.

What should a law on disaster management provide?

The experience from past disasters and the prospect of more disasters, demand a **holistic and an agile system** for dealing with disaster. This would require strengthening of the existing legal framework, **removal of loopholes**, wherever they exist, ensuring an effective **coordination mechanism** and an administrative structure with unity of command and well defined responsibilities at all levels.

The traditionally used **definition** of the word 'disaster' and its association with natural calamities is limited in scope. With rapid economic development, **man-made disasters** pose equally grave threats to all life, property and environment. Moreover, man-made disasters are **preventable** and therefore what needs to be tackled is 'crises' and not disaster. Every disaster is a crisis, but **every crisis may not lead to a disaster**. Focus should be on **management of crises** so that their degeneration into a disaster is prevented.

The **multidisciplinary nature** of disaster management, its large canvass spreading from preparedness to rehabilitation and evaluation, and its widespread impact, which require resources to be drawn from different levels of government, means that a totally centralized or totally decentralized mechanism would be ineffective. It is best if **certain functions of disaster management are centralized** while others are decentralized down to the lowest level.

Immediate rescue and relief should be the responsibility of the **level of government closest** to the affected population. This logically has to be the district administration and the local self-governments. The same argument also holds good for the **rehabilitation** efforts. The district administration is part of the State Government and the primary responsibility for managing any disaster is with the State Governments. The resources of states being limited they seek and get assistance from the Union Government. This arrangement of **"bottom-up" responsibilities** regarding implementation is appropriate and has worked well in past and should not be disturbed.

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On the other hand, disaster management **planning** requires **wider perspective and expertise**. Developments in science and technology should be used for mitigating the adverse impacts of disasters and have to be studied, researched and updated. **Specialized manpower and equipment** for dealing with disasters also needs to be readily available. A repository of best practices needs to be created so that these could be replicated, adapted, if necessary and used on future occasions. National and regional **early warning systems** need to be developed and deployed. Moreover, there is the need for implementation of standard **capacity building and awareness generation programmes**. These types of activities call for an agency to coordinate efforts at the state and the national levels.

Thus, the legislation for disaster management needs to **create agencies/ authorities** at local/district/state and national levels. The responsibility and the authority assigned to each one of these have to be distinct. **National level planning**, research, analysis and adoption of best practices, development of standard operating procedures (national level), development of training and capacity building programmes, administration of early warning systems and formulating policy on disaster management are best entrusted to a national body. **Local planning and the actual work of implementation** are better left with State Governments, local governments and the district administration with support from the Union Government's implementing agencies.

Disaster management may require **mobilization of resources and services**. Such resources and services may have to be requisitioned including from individuals and private organizations. The law needs to empower authorities handling disasters to requisition such **resources for specified periods** and the issue of compensation should not be a hindrance in disaster management efforts. A **warning about a looming disaster**, received well in time, can avert huge loss of human lives. To ensure this, state-of-the-art early warning systems have to be meticulously designed and installed.

But even with a high degree of sophistication, the human element is involved in the **transmission process** and any slippage due to carelessness could prove disastrous. Prompt transmission of information, as prescribed under standard operating procedures and instructions for transmission, should be made a statutory duty of each concerned functionary. **Responsibilities of citizens** should also be appropriately provided for in the law.

Another lesson learnt from past disasters is that **funds meant for disaster relief** often tend to get misused as normal procedures are not followed because of urgency. While enforcing stringent procurement procedures may become a hurdle in the disaster management effort, the **penalty for misutilisation of funds** meant for disaster relief should be stringent and could form part of the law itself.

The Role and Functions of a National Disaster Management Organisation

The main scope of a **disaster management law**; or a National Disaster Counter Measure Act is to establish a national agency/ organization for coordination of disaster management.

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The **role** of such an organization is to:

- Provide a **coherent approach** to disaster management across all phases from preparedness and mitigation to response and recovery.
- Provide a **common framework**
- Allocate **responsibilities clearly**.
- Provide a framework for **coordinated response**.

The National Disaster Management Organisation (NDMO) is **not intended to**:

- **Duplicate** normal government.
- Act **independently** of government.
- Seek to **control** other agencies.

INSTITUTIONAL FRAMEWORK

Institutional Framework at Apex Level

HPC had observed that disaster management needs **full political commitment** at all levels of national, state and local government as cataclysmic events sometimes assume the **nature of national disaster** involving the mobilization of practically the entire government at the highest level. The HPC had recommended that an **institutional mechanism** needs to be created at the highest level by setting a **Cabinet Committee on Disaster Management** that would ensure continued and sustained focus on this area at the highest level of government.

The HPC also recommended that the **All Party National Committee** under the Chairmanship of the Prime Minister and the Working Group set up under it, need to be institutionalized as **permanent standing bodies** as the former would help generate the necessary political will, consensus and support, while the latter, that is the Working Group, being a body of experts, will evolve appropriate strategies for implementation of broad policy guidelines.

The HPC recommended the creation of a **separate ministry of disaster management** for **sustained and focused efforts** in the area of disaster preparedness, mitigation and management. It was envisaged that this ministry would deal with both man-made and natural disasters as a 'nodal ministry'. The functions expected of the ministry were **networking and coordination** of national resources while the concerned 'functional' ministries would continue to discharge their responsibilities and functions in accordance with their respective disaster management plans and also work in close cooperation with the nodal ministry. **Uttaranchal** is the only state, which has a separate department of disaster management. However **2nd ARC** was not in favour of creation of a separate ministry as it is likely to lead to conflict and delays rather than coordination. Such a coordination mechanism is now available with the formation of the **NDMA**.

Coordination at the Apex Operational Level

National Disaster Management Committee (**NCMC**) headed by the Cabinet Secretary coordinates and guides the work of different departments of Government of India in times of disaster. The **NEC** envisaged under the Disaster Management Act, 2005 would be **duplicating the role** of NCMC to a great extent. Moreover, there is need to shift the focus from managing disasters to **managing crises** and the NEC would not be

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in position to handle all types of disaster. This problem would be further compounded in case of **multiple disasters**. **Unity of command and quick decision making** are paramount in any disaster management situation. **2nd ARC** recommended that NEC as envisaged under the Disaster Management Act **need not be constituted** and that the existing coordination mechanism under the Cabinet Secretary should continue. Similarly, at the state level the existing coordination mechanism under the Chief Secretary should be retained.

The Act also envisages establishment of a **National Disaster Response Force (NDRF)**, a uniformed and highly trained **quick response agency** to respond to the needs of search and rescue and to provide, on the spot, life-saving assistance to the victims. To a large extent, this role has been admirably filled by our **Armed Forces**, in particular, the Army. The lessons learnt from the devastating hurricane Katrina in the US is that extraordinarily severe disasters could overwhelm specialized agencies and that in such situations the Armed Forces remain the „**measure of last resort**“. It is imperative that even after the NDRF becomes fully functional, the „**enabling role**“ of the **Armed Forces** in assisting the civil authorities be retained and the Armed Forces continue to maintain capabilities in specialized search and rescue operations.

Role of Local Self-Governments

Local self-governments, both rural and urban, have emerged as important tiers of governance, after the 73rd and 74th Amendments to the Constitution. For the people, they are also the **nearest units of administration** and are among the **first responders to any disaster** besides being closely knit with the communities. These units can thus play an important role in disaster management under the **overall leadership of the District Administration**. With the enactment of a central legislation on the subject and the possibility that more state level legislations will be forthcoming, State Governments would need to examine if enabling, provisions need to be introduced in disaster management legislations or even the municipal legislations to **bring greater salience** to the role of the municipal bodies in responding to disasters.

Disaster Management Set Up for Metropolitan Cities

In major cities (say, with population **exceeding 2.5 million**), Municipal Corporations have a **large administrative system** including departments like engineering, public health and revenue, and sometimes fire services. These should provide a **good mechanism for coordinated response** in case of any disaster/disaster. Moreover, in cities where there is a **Police Commissioner system**, the District Collector does not have as much a role as in other districts. In such situations, **District Disaster Management Authority** prescribed by the Disaster Management Act, 2005 may not be very suitable. In metropolitan cities it is advisable to make the urban metropolitan government directly responsible for disaster management. The **Mayor assisted by the Commissioner** of the Municipal Corporation and the Police Commissioner should be directly responsible for Disaster Management.

Bringing “Water” at the Centre Stage of Policy Domain

Two of the major types of disasters i.e. **floods and droughts** are primarily water related. Adoption of both short and long term measures would remain

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sub-optimal unless larger issues like the **National Water Budget** and a policy regime that takes cognizance of the **mismatch between supply and demand** are properly addressed. A major impediment to making any progress in this direction is the „**segmented policy attention**“ from a number of ministries/ departments. Without being exhaustive, attention may be invited to the **following different policy platforms**:

- Ministry of Water Resources; Irrigation and Flood Control, Inter-State Basin Issues.
- Department of Drinking Water Supply; Rural Water Supply.
- Ministry of Urban Development and Poverty Alleviation; Urban Water Supply.
- Ministry of Environment and Forests; Lakes, control of desertification/aridity.
- Ministry of Agriculture; Watershed Development/Droughts.
- Ministry of Rural Development; Water conservation in rural areas.
- Ministry of Science and Technology; Hydrology, Hydrogeology etc.

The **long term interests** of the country, including drought related concerns, will be better addressed if all the policy aspects and **schemes with water, water conservation and improving water availability** as their primary focus are brought on a single policy platform. This aspect needs to be considered along with other issues concerning „**machinery of the central government**“. It may be added here that while a **National Water Policy** encompassing diverse policy concerns was framed in 2002 with the Ministry of Water Resources as the „**nodal point**“, recognition of ‘policy diversities’ has not resulted in the emergence of a road map for integration of responsibilities.

The National Commission for **Integrated Water Resources Development Plan-1999** examined the issue of institutional set up at the state and national levels. That Commission stated as follows about the structure at the state level. The dominant **institutional structure** of governments in India is departmental and that is true of the water sector also. In that structure, there is **division of responsibilities among departments**, both in the Ministry (secretariat) and at the implementing levels (Head of the Department and his vertical organization down to the field level) - No department is in charge of or can **command services of all components of work** that are essential for achieving results. Since the number of departments has increased, there is need for **time-consuming consultations**.

While there are **constant inter-departmental references and meetings**, there is a weak coordination and lack of a holistic approach. The negative effects of departmental structure are aggravated by the **lack of internal delegation of decision-making**. The head of the department and organization for research, education, training and survey and data collection - which should have **enough autonomy in their working**, function as subordinate offices and have to seek the Ministry’s orders and approvals on most matters. **Micro-management** and not achievement of results is the main result. The basic constraints in a departmental structure are compounded in the case of ‘Water’, because many departments deal with different aspects of water.

Since the *raison d’être* of departmental officialdom is to **serve farmers**, the irrigation bureaucracy must understand and **appreciate the socio-economic dynamics of human interaction**. The pressing needs of integrated decision-making

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require an organizational restructuring to a more **holistic management orientation** involving a multidisciplinary interaction of diverse expertise covering the full range of **water management skills** to achieve the goals. The irrigation departments may be restructured from a hierarchical to a functional orientation.

Similarly, it emphasized the need for an **integrated approach at the national level also**. It stated: The Ministry of Water Resources was concerned, from its earlier days as Ministry of Irrigation and Power, mainly with 'irrigation' aspects of water resources. Its current mandate in the Allocation of Business includes the following general clause, namely: **'Development, conservation and management of water** as a national resource; overall national perspective of water planning and coordination in relation to diverse use of water'.

Water supply– urban and rural, **soil conservation** and watershed development, environment, water quality etc. are dealt with by other ministries/ departments. The policies and programmes of the one **impinge on the other**. Since water has diverse uses, the entire subject cannot be brought under one ministry and as stated above, what is essential is to **ensure coordination**. For this purpose, the ministry (secretariat) and more so, its attached office (head of the department) should have **multi-disciplinary capability**.

The challenges of **integrated water development and management** can be fixed only if the **apex institution at the national level** is suitably equipped for it and has the necessary **multi-disciplinary capacity**. The status of an attached office, which is in practice subordinate to the Ministry and has little autonomy in functioning, is inappropriate for achieving this. **2nd Arc recommended** that the CWC should be restructured into a statutory high-powered **inter-disciplinary Commission**, with maximum autonomy, in order to deal with policy and reforms, centre-state and inter-state issues, planning and project finalization, international aspects other than those that have to be retained with the ministry; legal economic and financial issues, water productivity, conservation and management, environmental aspects and rehabilitation, people's participation and communication, coordination and facilitation of inter-disciplinary research, HRD and training, and a National Information/ Data System.

„Policy Integration“ between Long and Short Term Measures

While a number of Centrally Sponsored Schemes have objectives connected directly or indirectly, with drought avoidance, the **two major interventions** in this sphere are the Drought Prone Areas Programme (**DPAP**) and the Desert Development Programme (**DDP**). The thrust of these schemes is **to „treat“ land and vegetation in selected areas** in a manner that the 'treated areas' become less vulnerable to ill effects associated with high drought vulnerability and aridity. These schemes are handled by the **Department of Land Resources (DoLR)** in the Ministry of Rural Development. DoLR is also entrusted with another issue of crucial significance to agriculture, namely, Land Reforms. It is learnt that there is a proposal under active consideration for forming a **National Rainfed Areas Authority**. As already mentioned, for droughts, management of the chronic malady and the disaster are best dealt within a holistic manner in the same Ministry.

Creation of Legal and Institutional Framework for Managing Floods in Inter-State Rivers

Unprecedented floods in many states year after year have highlighted the need for **coordinated release of waters** from reservoirs in the case of inter-state rivers. **Timely information of storage levels** and inflows is not published and there is also the tendency to retain water in the reservoirs until the levels reached are considered dangerous. **Sudden release** of water leads to large scale flooding of downstream regions. The **National Commission for Integrated Development Plan** for Water Resources (1999) had recommended the constitution of inter-state river basin authorities. A beginning should be made at least for the purpose **collection of data, timely release of such data** and working out of agreed releases from reservoirs on reaching certain levels of storage. Legislation needs to be enacted urgently by Parliament using the power under Entry 56 of the Union List dealing with inter-state rivers.

Empowering the Relief Commissioners to Effectively Discharge Disaster Related Responsibilities

The **state level nodal points**, by whatever names known, have to discharge onerous responsibilities of coordination and supervision of disaster relief operations. Such duties are more demanding in case of droughts due to the much longer duration of the **phenomenon and involvement of more governmental agencies**. Keen observers of the scene have generally held the view that there needs to be a standing, though not necessarily **permanent arrangement**, to enable the nodal points to discharge the heavy responsibilities effectively during disaster. This responsibility encompasses many spheres- **damage assessments, planning of relief operations**, sectoral arrangements, inter-sectoral cooperation, distribution of relief and monitoring activities with communication of reports and returns. Added to this is the **daunting task of rendering accounts**.

Clearly, therefore, a **strengthening of the nodal point** and establishment of an **executing-coordinating agency is imperative**. This could be achieved by secondment of officers from related departments to the State Disaster Management Authorities during a disaster. All these officers should work under the leadership of the Disaster Management Department/ Authority. An added advantage of this arrangement will be that over a period of time **departmental representatives** will develop expertise in disaster management. This should help address the long term need for a dedicated cadre of disaster managers. The **State Disaster Management organisations** need to be strengthened for dealing with disaster. This could be achieved in the following manner:

- a. A framework should be in readiness to be put in place immediately during disaster or on fulfillment of some pre-defined scenarios – **the „trigger mechanism“** needs to be well defined to ensure that the **„framework“ is put in active operation instantaneously**.
- b. The 'framework' may consist of **officers drawn from Revenue, Police, Agriculture, Animal Husbandry, Public Health Engineering**, Water Resources, Women & Child Development, Welfare, Public Works, Highways, Irrigation, Health, and Treasury & Accounts Departments. The designated officers must undergo a

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week"s orientation every year, though they may continue to discharge their normal departmental responsibilities except when seconded to the nodal point in the manner suggested above.

- c. The designated officers will work as a **cohesive integrated team** under one roof on whole-time basis during disaster situations, under the leadership of the nodal officer and be responsible entirely for the functioning of their department insofar as it relates to drought/ disaster management.
- d. The **role and responsibility of each department** needs to be specifically identified and defined on the lines the **Ministry of Agriculture** has specified the responsibilities of various Union Government agencies during severe droughts.
- e. The **designated departmental officer** should be delegated powers and responsibilities defined in advance and will deal with other departmental functionaries directly.

Institutional Support of Science & Technology Institutions

Disaster management depends heavily upon the inputs from various **science and technology institutions**. Indeed, major improvements in disaster management efforts may be attributed to developments in science and technology. As disaster management is multidisciplinary in nature, the relevant research is carried out in several **sectoral Research and Development organizations**. Towards strengthening the **national response mechanisms**, the Department of Space (DOS) in the 10th Five Year Plan launched a **Disaster Management Support (DMS) programme**.

Using synergistically space and airborne systems in conjunction with the conventional technologies, the programme has been providing space enabled products and services on a reliable and timely basis for effective disaster management. Other Science and Technology Departments have also drawn up similar major proposals. The organizations are working through **mutual consultations**, but it is advisable to provide a formal common platform to **achieve synergy**. The National Disaster Management Authority, assisted by NIDM, may facilitate a **common platform** between the Science and Technology organizations and the users of the relevant technologies. Such mechanisms may be operationalised both at the Union and State levels.

Strengthening of National Institute of Disaster Management (NIDM)

The National Institute of Disaster Management (NIDM) is a premier national organization working for **human resource development** at national level in the area of disaster mitigation and management. It is an **autonomous body** under the Ministry of Home Affairs and its **objectives** are: (i) to undertake **quality** research, (ii) to work as a **national resource centre**, (iii) to **professionalize** disaster management, (iv) to promote training, (v) to build partnerships with stakeholders and other institutions and (vi) to link learning and action. Certain steps are necessary to enable the institution to meet the expectations with which it was established. In addition to research and studies, the institution needs to engage itself in documenting and disseminating global and national best practices and in developing planning, training and evaluation methodologies.

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Professionalization of Disaster Management

Institutional development for disaster management in the country has clearly suffered on account of paucity of **professionally qualified personnel**. While civil servants and other senior personnel in organizations like the police, armed forces and municipal bodies have provided a leadership role and their leadership will continue to be required, it is time that **special attention** is paid to the long felt need to professionalize disaster management in the country. The 'best practices' in disaster management are the **strategies and methods perfected by several developed countries** and India can take advantage from exposure to these practices. It is, therefore, desirable that the possibility of bilateral agreements with foreign governments for exchange of experiences and learning from their documentation and research efforts be fully explored.

'Disaster Management' as a **body of knowledge** should be introduced as a subject in **Management and Public Administration**. The University Grants Commission may initiate the process to see how best this can be implemented in selected universities. The possibility of **bilateral agreements** with foreign governments and international institutions dealing with different aspects of disaster management, for exchange of experiences and learning from their documentation and research efforts may be explored.

DISASTER MANAGEMENT SYSTEM IN THE UNITED STATES

The **1960s and early 1970s** brought massive disasters requiring major **federal response and recovery operations** by the Federal Disaster Assistance Administration, established within the **Department of Housing and Urban Development**. Hurricane Carla struck in 1962, hurricane Betsy in 1965, hurricane Camille in 1969, and hurricane Agnes in 1972. The San Fernando earthquake rocked Southern California in 1971, and the Alaskan earthquake hit in 1964. To respond to national concern regarding these events, the Congress passed the **1974 Disaster Relief Act** that established the process of Presidential disaster declarations.

However, emergency and disaster activities were **still fragmented**. Many parallel programs and policies existed at the state and local level, compounding the complexity of federal disaster relief efforts. In 1979, President Carter issued an executive order that **merged many of the separate disaster related responsibilities** into a new, independent **Federal Emergency Management Agency (FEMA)**. Among other agencies, FEMA absorbed the Federal Insurance Administration, the National Fire Prevention and Control Administration, the National Weather Service Community Preparedness Program, the Federal Preparedness Agency of the General Services Administration, and the Federal Disaster Assistance Administration activities from HUD. **Civil defense responsibilities** were also transferred to the new agency from the Defense Department's Defense Civil Preparedness Agency.

FEMA led the federal response to **hurricane Andrew**, which slammed into and leveled much of South Florida in August 1992. Based on recommendations following the response to hurricane Andrew, FEMA was elevated to a **cabinet level agency** whose director reported to the President. The **Homeland Security Act of 2002**, which established DHS, created new requirements for emergency preparedness and response and placed FEMA within DHS.

LINKAGES BETWEEN DEVELOPMENT AND SPREAD OF EXTREMISM

LEFT EXTREMISM/ NAXALISM

SPREAD AND INTENSITY

The left extremist outburst, later known as the Naxalite movement, started in March **1967** in the 3 police station areas (**Naxalbari, Khoribari and Phansidewa**) of Darjeeling district in West Bengal. The ‘Naxalbari phase’ of the movement (1967-68) gathered momentum during May-June 1967 but was brought under control by July-August 1967. Today, the left extremist movement is a complex web that covers many States. According to the Ministry of Home Affairs, at present, **76 districts in the 9 States** of Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Orissa, Uttar Pradesh and West Bengal are afflicted with **ultra-left extremism** forming an almost **continuous Naxal corridor**.

CPI (MI)-PWG and Maoist Communist Centre-India (MCC-I) have been trying to increase their influence and operations in some parts of other States, namely Tamil Nadu, Karnataka and Kerala and in certain new areas in some of the already affected States. The merger of the CPI (MI)-PWG and the MCC in 2004 has **strengthened their combat capability**. It is estimated that these extremist outfits now have 9,000-10,000 **armed fighters** with access to about 6,500 firearms. There are perhaps another 40,000 full-time cadres. In the last decade, extremist violence is **increasing and expanding**, taking a heavy toll of lives in the affected states. Most of the affected areas are **forest areas** predominantly inhabited by tribal populations.

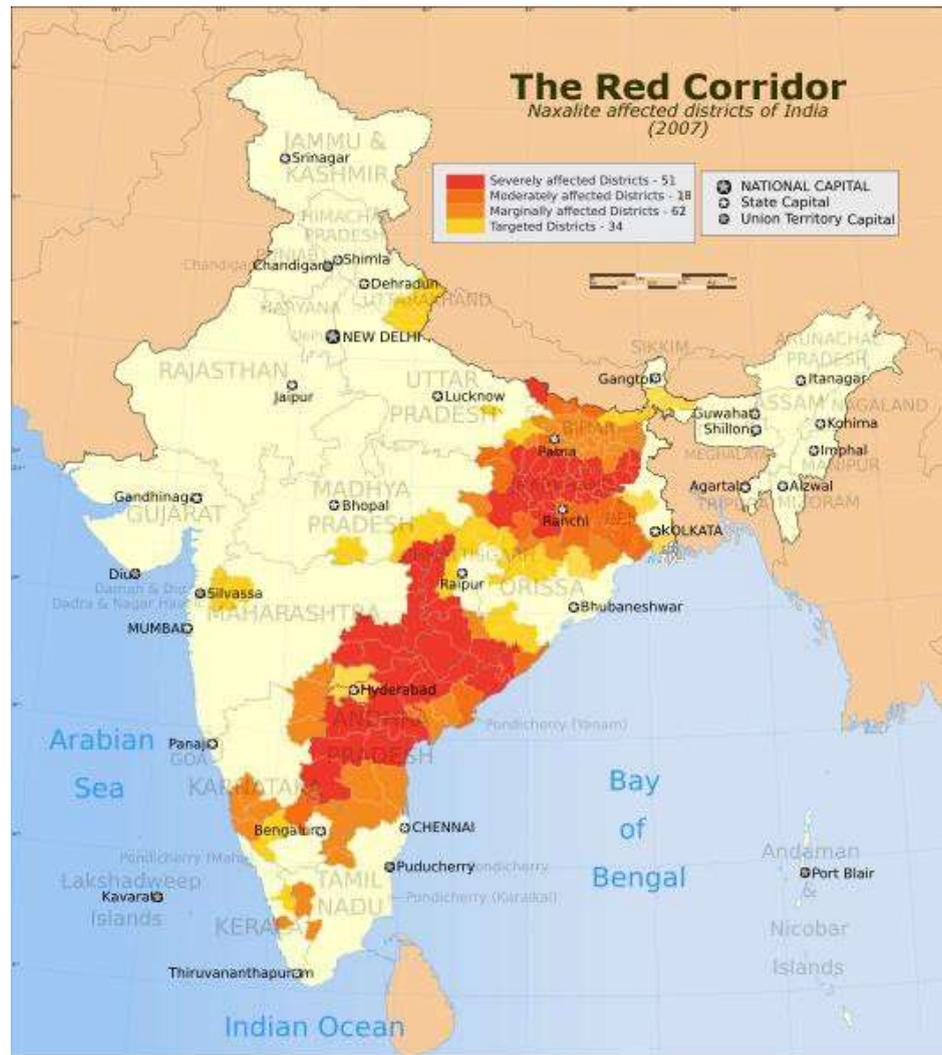
The „Nature“ of the Movement

Barring a phase in the late 1960s and early 1970s the left extremist movement has been largely **agrarian** in the sense that it seeks to **mobilize discontent and misgovernance** in the rural areas to achieve its objectives. Some of the **major features** of the left extremist movement include the following;

- It has emerged as the **greatest challenge** to internal security.
- It has **gained people’s confidence**, grown in strength particularly in forest and tribal areas, by mobilising dispossessed and marginalised sections.
- It creates conditions for non-functioning of the government and actively seeks **disruption of development activities** as a means to achieve its objective of ‘wresting control’.
- It spreads **fear** among the law-abiding citizens.

While these features also form part of the activities of all terrorist organisations, due to its wider **geographical coverage**, left extremism has made a deep impact on the conflict scenario of the country.

AREAS OF OPERATION



Naxals are especially concentrated in an area known as the "Red corridor" where they control 92,000 square kilometers. The outfit has also been making attempts to establish and expand its presence in several other States such as Gujarat, Haryana, Punjab, Rajasthan and Himachal Pradesh. According to **Research and Analysis Wing (RAW)**, 20,000 armed cadre Naxalites were operating apart from 50,000 regular cadres working in their various organizations.

CAUSES FOR SPREAD OF LEFT EXTREMISM

While the goal of the left extremists was to actualise their own vision of the State through 'revolution', they chose to usher that revolution by enlisting the **support of the deprived and exploited sections of society** particularly in areas where such sections constituted a significant part of the population. It is, therefore, necessary to identify the reasons for such deprivation and consequent discontent. –Expert Group on Development and the causes of Discontent, unrest and Extremism of the **Planning commission** has identified the following causes:

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Land Related Factors

- Evasion of land ceiling laws.
- Existence of special land tenures (enjoying exemptions under ceiling laws).
- **Encroachment** and occupation of Government and community lands (even the water-bodies) by powerful sections of society.
- Lack of **title** to public land cultivated by the landless poor.
- Poor **implementation of laws** prohibiting transfer of tribal land to non-tribals in the Fifth Schedule areas.
- **Non-regularisation** of traditional land rights.
- Displacement and Forced **Evictions**. Eviction from lands traditionally used by tribals.
- **Displacements** caused by irrigation and power projects without adequate arrangements for rehabilitation.
- Large scale land **acquisition** for 'public purposes' without appropriate compensation or rehabilitation.

Livelihood Related Causes

- Lack of **food security**– corruption in the Public Distribution System (which is often non-functional).
- Disruption of **traditional occupations** and lack of alternative work opportunities.
- Deprivation of **traditional rights** in common property resources.
- **Social Exclusion**
- Denial of **dignity**.
- Continued practice, in some areas, of **untouchability** in various forms.
- Poor **implementation of special laws** on prevention of atrocities, protection of civil rights and abolition of bonded labour etc.

Governance Related Factors

- **Corruption** and poor provision/ non-provision of essential public services including primary health care and education.
- Incompetent, ill trained and poorly motivated **public personnel** who are mostly absent from their place of posting.
- **Misuse of powers** by the police and violations of the norms of law.
- Perversion of **electoral politics** and unsatisfactory working of local government institutions.

It may be highlighted again that these causes are most glaring in **forest areas** predominantly inhabited by tribal populations who thus become the main instruments and victims of left extremist violence. There is a paradox that the **diagnoses of the problem** by the government and the left extremists are similar. Both 'sides' agree that concealed tenancy, tenurial insecurity, low wage rates and lingering feudal practices in many places have generated a discontent among the rural poor – a discontent that makes many of them **active participants in politically motivated violent upsurges**.

Despite a **variety of legislations** enacted to address a whole host of **land related issues** like introduction of land ceilings, distribution of surplus land, consolidation of holdings, prevention of fragmentation of land, protection of rights of

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tenants and settlement of waste-lands etc, their **impact at the ground level** is marginal due to tardy implementation. This has enabled the left extremists to **exploit the disappointment** of the promises made to beneficiaries particularly in areas where there are large number of landless labourers and share-croppers. For example, in Andhra Pradesh, it is the common perception that land for which **pattas** have been issued to the landless is under **de facto occupancy of affluent and powerful people** and that, even tribal leaders are working as agricultural labour in such lands.

Another 'cause' which needs to be noted is the disruption of the age old **tribal- forest relationship**. Historically, tribal life was well integrated with the forest, but legislations and governance in the last century considerably **altered this symbiosis**. The Forest Act, 1927 and the Forest conservation Act, 1980 along with stringent Supreme Court orders have turned forests into **prohibited areas for the tribals**, creating serious imbalances in their lives and livelihoods. This has turned the tribals against government's methods of forest management, and gradually against government itself. This discontent has **provided fertile ground for the spread of left extremism** among tribals living in forest areas.

Rampant alienation of the land rights of the tribals to non-tribals and the States' measures to prevent and undo such transfers through legislations such as the Andhra Pradesh Land Transfer Regulation Act of 1970 have remained on paper, and have further accentuated tribal discontent. In fact, in Andhra Pradesh, there is a perception that even the talks held between the State Government and the Naxals failed primarily because **forest land could not be distributed** among the tribals as demanded by the Naxals.

MEASURES TAKEN BY UNION GOVERNMENT

1. **Modernization of State Police:** Funds are given to the States under the Police Modernization Scheme to modernize their police forces in terms of modern weaponry, latest communication equipment, mobility and other infrastructure.
2. **Revision of Security Related Expenditure (SRE) Scheme:** The level of reimbursement under the Scheme has been raised to 100% and new items like insurance scheme for police personnel, community policing, rehabilitation of surrendered naxalites etc. have been covered under it.
3. **India Reserve Battalions:** The naxal affected States have been sanctioned India Reserve battalions mainly to strengthen security apparatus at their level as also to enable the States to provide gainful employment to the youth, particularly in the naxal areas.
4. **Deployment of SSB along Indo-Nepal Border:** In order to ensure that there is no spillover effect of the activities of Nepalese Maoists to our territory.
5. **Recruitment in Central Para Military Forces:** In order to wean away the potential youth from the path to militancy, recruitment guidelines have been revised to permit 40% recruitment in Central Para Military Forces from the border areas and areas affected by militancy or naxalism.
6. **Backward Districts Initiative (BDI):** Since the naxalite menace has to be addressed on the developmental front also, the Central Government has provided financial assistance for 55 naxal affected districts in the 9 States under the (BDI) component of the Rashtriya Sam Vikas Yojana.

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7. **Tribal and Forest related issues:** In order to address the areas of disaffection among the tribals, the Government has passed Scheduled Tribes (Recognition of Forest Rights) Act, 2006.
8. **Monitoring Mechanism:** Several monitoring mechanisms have been set up including a periodical review by the Cabinet Committee on Security (CCS), Standing Committee of the Chief Ministers of the naxal affected states, Quarterly Coordination Center meetings chaired by the Union Home Secretary with the Chief Secretaries and the Directors General of Police of the affected states.
9. Home Ministry has requested all the Naxal affected states to implement the "**Surrender-Cum-Rehabilitation**" scheme for the Naxalites who want to shun and join in the majority interest of the mainstream Government. Recently, the Jharkhand government offered monthly allowance of Rs. 2000, Life insurance worth Rs. 10 lakh, vocational training for 2 years, one acre agri-land and free education to the Naxalites and their families.
10. **State specific resistance** has already been in force in the form of Salwa Judum (Chattisgarh), Grey Hounds (Andhra Pradesh) and COBRA (Orissa).
11. The government has also initiated **publicity campaigns** in order to garner support from the general public in their efforts to crack down on the naxals. Centre has warned **Maoist sympathizers** including members of civil society and NGOs found supporting the naxals by propagating their ideology or by any other means to be ready to face severe punishment. Many leaders like Kobad Gandhi, Chatradhar Mahato, Chandrabhushan Yadav etc. were arrested.

FEDERAL ISSUES INVOLVED AND ROLE OF STATE POLICE, CRPF, ARMY & AIR FORCE

Given that the naxalite menace is a **multi-State phenomenon** and the objective of the Maoists is not merely to subvert law and order in tribal areas in various States but **wage war** against the Indian Republic, the involvement of centre becomes imperative. Under these circumstances, the Union Government may have to consider invoking even **Article 355** of the Constitution which states, -It shall be the duty of the Union Government to protect every State against external aggression and internal disturbance and to ensure that the governance of every state is carried out in accordance with provisions of the Constitution. The Union Government will have to work out a coordinated plan of operations by all the States carried out in an integrated manner.

Already, a **special cell in the Home Ministry** has been coordinating with the States concerned and providing them assistance in anti-naxalite operations. As Law and Order is a State subject and so the Centre should provide the necessary backup and play a catalytic role by way of facilitating and aiding the negotiation process— all this without impinging on the rights of the States or undermining the federal spirit of the Constitution.

Apart from the Centre-State issue, another important aspect is the relative roles of the State Police, the CRPF and the Army and Air Force. The position taken was that it is basically the responsibility of the State Police; the Centre can hitherto **supplement the State Police force** by providing troops of the Central armed reserve police force.

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After the recent **Dantewada ghastly massacre**, the Home Minister felt that this approach may not be adequate and the help of the Army and Air Force will have to be invoked. His thinking is a sharp departure from the hitherto held position that the Army is meant to and equipped for dealing with **external aggression** by forces of the hostile country and not with the people of the country. This principle has already been sacrificed in dealing with disturbances caused by insurgency in the North- Eastern States like Manipur as well as in J&K which has for long been the victim of externally induced terrorism. The **Disturbed Areas Act** and **Armed Forces Special Powers Act** have been designed to facilitate the active role of the Army in these Border States.

Now the same approach, it was suggested, had to be extended to the tribal areas to introduce the Army to deal with the Maoist challenge. The Army is being prepared to send its officers on deputation to the States to give guidance for carrying out effective operations. They could also provide training to the State Police force. As for the Air Force, they are prepared to provide **helicopters for surveillance and transport**. All these and other matters formed part of the proposals in the paper submitted by the Home Ministry to the Cabinet Committee on Security presided over by the Prime Minister. Having regard to the opposition of the Defence Ministry to any kind of involvement of the Army and Air Force, the Committee advised the Home Ministry to recruit on contract basis ex-servicemen to help in the operations against the Maoists.

RESOLUTION OF LEFT EXTREMIST CONFLICTS – SUCCESSES AND FAILURES

Many left extremist movements, notably the uprising in Naxalbari, could be **resolved successfully**. An analysis of what really happened in such areas particularly in Naxalbari may provide necessary insights for resolving the present problem of left extremism. From 1972 onwards, the Government of **West Bengal** adopted a slew of **ameliorative measures** in the Naxal-affected districts. The Comprehensive Area Development Programme (**CADP**) was introduced to supply inputs and credit to small farmers and the government took the responsibility of marketing their produce. **Naxalbari and Debra**, the worst Naxal- affected areas, were selected for the programme.

At about the same time, directives were issued to government officials in **Srikakulam** in Andhra Pradesh and **Ganjam** in Orissa to ensure that **debts** incurred by the tribal poor are cancelled and instead, loans were advanced to them from banks and other sources for agricultural improvement. In West Bengal, after the **Left Front government** came to power in **1977**, **Operation Barga** was started to ensure the rights of the sharecroppers. Alongside, significant increases were made in the **minimum wages** which benefitted large sections of the rural poor. As a result, the beneficiaries of these government programmes began to distance themselves from Naxalism and the process signaled the beginning of the end of Naxalism in these areas. There are important lessons to learn from the experience – there is **no „permanent cure“** to conflict situations and any let up in measures which bring relief can cause recrudescence of conflicts.

Unlike the relatively successful stories outlined above, the situation in **Chhattisgarh** today continues to cause serious concern. The **Bastar region** of the State, which is seriously affected, is an example of how left extremism gained ground because, inter alia, the **tribals in the area were deprived of forest-based**

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employment. Initially, the forests of Bastar were used by the extremists from Andhra Pradesh and Maharashtra as a temporary refuge; later **permanent training camps** came to be established. The active participation of local tribals followed much later in the wake of stresses and strains on their livelihood, growing food insecurity and the growing despair about improvements in their socio- economic situation.

The situation in the region has not been helped by the raising of **local resistance groups called Salwa Judum** started initially in 2 tribal development blocks of south Bastar and now extended to 11 blocks in Chhattisgarh. Even though Salwa Judum is publicised as a spontaneous **awakening of the masses against extremists**, today thousands of tribals are being protected in fortified camps pointing to the disturbed life they are forced to lead. These camps have been attacked by the extremists leading to several deaths. In the process, the poor tribals have been caught between the **legitimate sovereign power** of the State and the **illegitimate coercive power** of the extremists who deliver instant justice through peoples' courts and other informal devices.

Applying the West Bengal model to areas currently affected by left extremism like Chhattisgarh is a matter requiring careful consideration. It is clear that a **judicious mix of development and welfare initiatives** coupled with **land reforms and well planned counter- insurgency operations** is required to restore peace, harmony and confidence in the administration in such areas. It is a matter of satisfaction, therefore that this approach is now receiving wide endorsement. We must recognize that Naxalism is **not merely a law and order issue**. In many areas, the phenomenon of Naxalism is directly related to **under-development**.

It is not a coincidence that it is the tribal areas that are the main battleground of left wing extremism today. Large swathes of tribal territory have become the **hunting ground of left wing extremists**. **Exploitation, artificially depressed wages**, iniquitous socio political circumstances, inadequate employment opportunities, lack of access to resources, under-developed agriculture, geographical isolation, and lack of land reforms- all **contribute significantly to the growth of the naxalite movement**. All these factors have to be taken into consideration as we evolve solutions for facing the challenge of Naxalism. There has now emerged a consensus on not treating violent left extremism only as a law and order problem but as a **multi causal malaise** with breakdown of law and order as its 'ranking symptom'. In short, management of left extremist violence would require **tapping the capacity of all the elements** of the government and civil society.

MANAGING LEFT EXTREMISM – THE POLITICAL PARADIGM

The government has initiated a „**14-point policy**“ which rightly underscores the need to contextualize left extremism in a perspective that is much wider than the conventional wisdom which places trust on a mixture of the „**police stick**“ and the „**development carrot**“ as the panacea for militant extremism particularly of the left variety. It needs to be emphasized that while the ultimate goal of the left extremist movement is to capture state power, its immediate manifestation is in the form of a **struggle for social justice, equality, dignity and honesty in public services**. Viewed thus, the spread of the movement over a wide area signifies the fact that efforts to remove those conditions which give rise to the acceptance of the ideology of violent

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left extremism have not been particularly successful. In the circumstances it should be possible to visualize this movement not as a threat to the security of the State but a **fight within the State for obtaining what the system promised but failed to deliver.**

In that context, there may also be a need to keep the **door open for negotiations** with such groups and not necessarily insist on preconditions such as lying down of arms. The violent activities of the „**foot soldiers**“ – as opposed to its ideologically hardened hardcore – could well be due to the fact that their attempts to get their grievances redressed through non-violent, democratic methods may have not evoked due response. The temptation to utilise the police forces is very high but it should be remembered that **unaccountable police action** and abuse of police power validates violence even among the hitherto non-involved populations.

To sum up, left extremism feeds on **persistent and serious shortcomings in the domain of general and development administration**, resulting in the failure of the government to address the needs of the poor in areas pertaining to land, food, water and personal security, equity, ethnic/cultural identity etc. If this diagnosis is accepted, then the ‘containment’ of the problem may inter alia require consideration of the following:

- Most of the ‘participants’ in violence perpetrated under the banner of left extremist organisations are **alienated sections of society** rather than perpetrators of ‘high treason’ – they have to be treated as such.
- A **fortiori police action** over a long period is counter-productive; it is likely to affect the innocent more than the extremists.
- **Negotiations** have a definite ameliorative role under the circumstances; this is the experience the world over.
- Faithful, fair and just **implementation of laws** and **programmes for social justice** will go a long way to remove the basic causes of resentment among aggrieved sections of society.
- Sustained, professionally sound and **sincere development initiatives** suitable to local conditions along with democratic methods of conflict resolution have a higher chance of success.

Actualisation of such **strategy of „containment“** would require all round **capacity building** within the apparatus of the State and civil society, sincerity and perseverance of efforts and accountable and transparent administration.

CAPACITY BUILDING TO DEAL WITH VIOLENT LEFT EXTREMISM

Various instruments and elements of State and civil society need to be pressed into service to manage the situation brought about by left extremism. To achieve this, it is necessary that the **capacities of such instruments** and elements are suitably enhanced. These can be considered under the following categories:

- A. Security Forces
- B. Administrative Institutions
- C. Government Personnel
- D. local bodies
- E. civil Society Organisations

Building capacity of Security Forces (including the Police)

- a. 'Dialogue' and 'accommodation' are easier to find acceptance when the **good intentions of the State** and its will to restore order are concurrently visible. Thus subject to the limitations of police methods, security forces have a supportive but essential role in handling the situation. This would require suitable **legal and motivational support** to and effective deployment of the security forces.
- b. A **satisfactory state of law and order** is also a necessary precondition for development. Development, despite being essential to maintain peace in disturbed areas, must be accompanied by **vigorous action of the security forces** including providing protection to personnel responsible for implementation of development programmes. In seriously disturbed areas where agencies involved with development work find it difficult to operate, there may be a case for **temporarily entrusting some development work to the security forces**. This approach was tried successfully in West Bengal, where the local police helped in ensuring that schools and health institutions functioned effectively.
- c. It goes without saying that even in the most difficult and trying situations, the **operation of security forces** must be strictly within the framework of the law. To enhance the capacity of the security forces to act effectively and firmly but within constitutional bounds, it is necessary that **standard operational procedures** and protocols are laid down in specific terms and detail.
- d. **Training and reorientation** including sensitizing police and paramilitary personnel to the root causes of the disturbances that they are seeking to curb are requirements that need no further elaboration. Formation of **specially trained special task forces** on the pattern of the **Greyhounds** in Andhra Pradesh also form an important element of the strategy to build capacity in the police machinery for tackling left extremism.
- e. Notwithstanding the large scale deployment of forces from outside the affected areas, experience of handling extremist violence of different types indicates that a police force comprising primarily of **local people** is of inestimable value in dealing with the situation. **Local police forces** have a huge advantage in intelligence gathering capacity because of their constant interaction with local populations. In terms of costs also, strengthening the local police station is far more **cost effective** and more viable in the long run than inducting central forces. In areas affected by left extremism generally the **representation from the groups involved** – mainly the tribals – is inadequate.

Building capacity of Administrative Institutions

There is a great need to **build institutional, in addition to individual, capacity** to improve the quality of delivery of services. Filling the **administrative vacuum** in the regions of the country affected by left extremism is of paramount importance. Institutional capacity refers not only to organisations but also to the **legal framework** and norms within which services are to be delivered. In the context of left extremism, matters like more efficient implementation of laws impinging on the lives and livelihood of the tribals and endowing the delivery institutions with greater effectiveness and empathy are issues of particular relevance.

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Mention has already been made about the crucial **importance of forests in the life of the tribals** and the role which extinguishment of some of their traditional rights played in engendering discontent among this section leading to their support for left extremism. The recently enacted The Scheduled Tribes and other Traditional Forest Dwellers (**Recognition of Forest Rights) Act, 2006** is a welcome measure which seeks to enhance institutional capacity to deal with a major causative factor for support of left extremism in tribal areas. It vests land rights to the extent of **4 hectares per Forest Dwelling Scheduled Tribe** (FDST) nuclear family provided they have been the 'user' of forest land for four generations or 75 years from the 'cut off' date i.e. December 13, 2005.

This **right is heritable** but not alienable and transferable. Vested land can be used **only for livelihood purposes**. Rights under this also include access to **minor forest produce**, community **rights to intellectual property** and traditional knowledge related to forest biodiversity and cultural diversity. The dwellers are **duty bound to protect the forests**, biodiversity and wildlife in the area. The provisions of the Act, if implemented effectively, will go a long way in addressing the problems of the tribals. It is also necessary that an **Oversight committee** is constituted to monitor its implementation, consisting of individuals including tribals, people with commitment to forest conservation and wildlife preservation and those who have the right degree of social commitment to these causes. Depressed wages and inadequate employment opportunities have already been referred to as causes for tribal discontent. The introduction of the **National Rural Employment Guarantee Scheme** is a major institutional innovation to deal with these causative factors.

Institutional capacity needs to be similarly strengthened within the **line departments**, particularly within their field formations in tribal areas by introducing appropriate **management practices** to deal with the specific needs of marginalised groups and to make deployment of personnel qualified to cater to area specific needs. At the State level, a **coordinated approach** towards converging development programmes for backwards/ areas affected by left extremism by setting up suitable institutional mechanisms should be considered. For example, in Andhra Pradesh, the Principal Secretary, **Remote and Interior Areas Development** (RIAD) department heads such a mechanism to identify problems and suggest measures to meet the development needs of vulnerable areas and groups in a coordinated and comprehensive manner.

There is a case for providing much greater **flexibility in the implementation of centrally sponsored** and other development schemes in such areas for which decentralisation would appear to be the answer. Considering the **nexus between food insecurity and disaffection** with the State, it is necessary that the non-functioning public distribution system is revived by strengthening organisations like LAMP (Large Area Multipurpose Cooperative Societies) to replace privately owned fair price shops and to implement decentralised schemes for procurement and distribution of food-grains etc.

Similar flexibility has to be introduced in the administrative and judicial set up so that **dispute settlement** at the local level is both timely and effective. Provision of **local courts** and giving judicial and magisterial powers to the officers of the revenue and developmental departments to effectively deal with local issues could also be considered. Left extremism and other endemic disturbances feeding on public discontent,

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require a **combination of efforts by the police, development and regulatory agencies**. An in-depth analysis of the history of left extremism reveals that there should be effective implementation of the provisions of the constitution and the laws and policies already adopted by the Government alongwith efficient delivery of services to remove the support base of extremists.

Capacity building among Government Personnel

Personnel management has been a **neglected aspect** of administration in tribal areas. Posting and deployment in such areas is usually looked upon as a **punishment by officers** who either work half-heartedly or remain absent for long periods from their place of duty. This underscores the need to identify those officers from the State, including from technical services, who view postings in these areas as a **challenging and satisfying experience** and have empathy and sensitivity to appreciate the problems of its people and the commitment to play a role in resolving them. State Governments should give such officers the benefit of being trained at national level institutions like the **LBS National Academy of Administration** to **professionally equip them** to serve in tribal areas.

Such officers could then bring their exposure and unique experience in the making of public policies, strategies and schemes for the development of these areas and the well being of its citizens. As an incentive it would be necessary to **reward these officers through better emoluments**, recognition of their services and retention of residential accommodation and education of their children in the State headquarters, if so desired. There is need for a **national policy** which could provide for reimbursing State Governments for the additional resources that may be required to make it attractive for officers to voluntarily opt for serving under difficult conditions in such areas.

At the **supervisory level and among technical personnel**, non-tribals tend to predominate. Equally well known is the fact that service in a tribal area (by non-tribals) is out of **compulsion** i.e. only till such time as a posting or alternative employment in non-tribal areas is not available. In the circumstances, it is not surprising that **absenteeism, dereliction of duty and poor work standards** are the norms in such areas, and this, in turn, contribute to disaffection of local populations. Measures such as formation of **regional cadres** of technical departments taken by the Government of Assam for areas under the **Bodoland Territorial Council** are a positive step for obviating the situation but with 'outsiders' dominating such cadres, the problem of **inadequate availability of willing personnel** is not fully addressed.

It also appears that the **apathy in the discharge of functions** resulting in poor delivery of services has a great deal to do with the relegation of oversight functions by administrative and 'line department' officials. While the malaise may be widespread, it has special relevance for areas affected by left extremism. There is a strong case for **"back to the basics"** in the matter of administrative **monitoring and supervision**. The system of periodic official inspections and review of organisational performance needs to be revitalised. It must be recognised that a major reason for such practices falling in disuse in 'disturbed areas' is the apprehension of senior functionaries about their **personal safety while on duty**. It would therefore be advisable to provide suitable security to senior administrative and technical officers while on tour, and thus

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should be taken into account in working out requirements for security forces in areas affected by serious violence.

Capacity building in local bodies

In an atmosphere of distrust of the petty bureaucracy and apparent inefficiency of the administrative apparatus in delivering services, one obvious solution is to **strengthen local self-governing institutions** to facilitate settlement of local problems. Enactment of the provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 commonly known as **PESA**, is thus a welcome initiative for ensuring **grass-roots management** of community affairs. This enactment applies to areas under the **Fifth Schedule**, which coincidentally comprises many areas affected by violent left extremism. PESA brings the 'general body' of the village – the Gram Sabha – at the centre-stage of village affairs. It brings **common village assets** like water bodies, wastelands, and minor forest produce etc under the collective ownership of the village community with the power to approve implementation of development plans and to verify their implementation by ratifying, or not ratifying, decisions of the Panchayats. The community is likewise made the **custodian of traditions, culture and identity of the village** and is thus in a position to build consensus about various aspects of village life.

However, PESA is an „**indicative legislation**“; it lays down certain guidelines whose implementation depends on the States enacting legislations in their Panchayati Raj and other Acts. While many States have taken preliminary action on the lines suggested in PESA, there is a general impression that its implementation is, by and large, unsatisfactory. There is a need that the State Governments would also put in place **mechanisms to monitor** that the objectives set out therein are being met. It may be useful to **link performance** in this regard with allocation of untied grants for area development.

If the view that making people actively participate in their own development leads to greater public contentment and satisfaction is to be upheld, then the health of **cooperative institutions** in these areas is as important as a robust Panchayat system. **Corruption and inefficiency** in the excessively controlled and bureaucratic cooperative institutions was arguably responsible for **sowing the seeds of disaffection** among the tribals particularly in livelihood related societies concerned with minor forest produce, handlooms and handicrafts and fisheries etc. Subsequent **legal reforms in the cooperatives** carried out by many States, too, did not restore the health of the cooperatives in the affected areas. Apex level institutions like **TRIFED** have failed to provide the **right guidance and leadership** to the cooperatives in tribal areas. It is time that the needs of the cooperative sector in these areas are given attention on the analogy of PESA.

Capacity building in Civil Society Organisations

Opinions vary about the role of civil society organisations in bringing about peace in conflict situations particularly in cases of left extremism because many such organisations are alleged to have a **leftist ideological orientation** (without necessarily sharing the violent objectives of the extremists) and, in some cases, the 'NGO' may even be a 'front' for the extremists themselves. Votaries of the 'law and order

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approach' hold that such associations are no better than **proxies for militant extremists** with demoralisation of security forces as their primary aim and that they sidetrack the violence, killing and extortion by the extremists by raising the bogey of police persecution.

On the other hand, there is a growing realisation that such organisations have a major role to play as **interlocutors**, and that their vigil and critical alertness acts as a **bulwark against abuse of power** by the police and other state functionaries – in other words their activities strengthen the rule of law. While there may be **some „black sheep“** among these organisations, there is little doubt that they have the potential to act as a bridge between the extremists and the government and in educating the people about the futility of violence and preventing aggravation of the situation by ventilating public grievances within the legal-democratic framework.

CUTTING THE SOURCE OF FINANCES FOR NAXALITES

Like any other extremist movement the Naxalite movement also mobilizes funds which sustain them. Such mobilisation is in the form of **extortion from local people** and also from contractors executing various projects in the affected areas. Besides, funds are also raised through **forest and mine operations**. One way to ensure that development funds do not reach the extremists is by entrusting these works temporarily to organisations like the **Border Roads Organisation** and other governmental agencies which can execute these works directly. This is recommended as a purely **temporary measure** and not to stifle local private entrepreneurship.

Clamping down on the sources of funding for left extremists is another area that requires urgent attention. The extensive **contractor-transporter-extremist nexus** and its links with illegal mining and collection of forest produce in the entire region affected by left extremism yields a **huge volume of funds** for the extremists. An effective anti-extortion and **economic offences wing** that can curtail, if not totally dry up, such funding sources to extremists, has to be constituted.

Left extremism is posing serious challenges in different parts of the country through **exploiting the sense of deprivation** and consequent **discontent of marginalised sections** of community. Arguably, the Indian state and society have dealt with this malaise with a greater degree of sensitivity and with a slew of non-police methods in tandem with the conventional methods of law and order enforcement with greater success than in many societies. At the same time, the fact that the phenomenon of left extremism is prevalent– and is in fact, endemic in several pockets – indicates that **much more remains to be done**. It is necessary that the approach to the problem must be **balanced and multi-pronged** with a judicious mix of development, political and police methodologies.

OTHER SUGGESTIONS

Immediate Measures

- Create a **separate Ministry** for the development of the Naxalite affected States in line with Ministry of Development of North Eastern Region (DoNER) in order to oversee speedy development of the Naxalite affected areas

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- **Intervene with the State governments** not to adopt policies and practices which prolong and accentuate the Naxalite conflict;
- Take initiatives for holding **dialogues** between the State governments and the CPI (M).
- Declare **cease-fire** to facilitate holding of talks with the Naxalites ensuring that the naxals declare cease-fire too and stop targeting of the civilians & unarmed persons and use of explosives & mines.

Governance & Development Related Measures

The Naxalite movement is principally a political action for armed conquest of State power. Violence or the threat of violence by the armed cadre invariably accompanies the solutions the Naxalite movement offers to popular grievances. Therefore following steps should be taken:

- In Naxalite infected areas the first step is to **enforce land ceiling laws**. This has to be done despite the pressures of landlords, money lenders and influential castes. Several landless poor have been subsequently alienated from their lands. These lands should be restored to them.
- Acquisition of land has emerged as the single largest cause of involuntary displacement of tribals and turning them landless. **Indiscriminate land acquisition** should be stopped and land acquisition for public purpose should be confined to public welfare activities and matters of national security.
- Given that most of the rural poor, SCs and STs are dependent upon agriculture. This requires strengthening **subsidiary and supportive activities** in animal husbandry, fisheries, horticulture, sericulture and poultry.
- The PWG has become a well-armed force and will fight to try and retain power by targeting the Para military forces and police. Such perilous activities cannot be left to be routinely dealt with as ordinary crime or law and order problem. There is need for a **specialized national level agency**, to be constituted by a statute of Parliament which can tackle these federal crimes.
- There should be effective implementation of the existing constitutional provisions, protection of Civil Rights and **SC/ST (Prevention of Atrocities) Act laws**. National Commissions on SC & ST and NHRC should have to be given powers to make them effective in cases of violation of laws.
- **Usury and indebtedness** are the chief causes of acute distress and exploitation like land alienation and bonded labour. All debt liabilities of weaker sections should be liquidated.
- The **cooperative banking structure** which is the most accessible to the poorer sections should be urgently revamped and revitalized. There is also need for widespread provision of Grain Banks managed by Gram Sabhas in tribal areas. **NREGA** should be intensively implemented.
- **Forest produce** should be provided a protective market by fixing minimum support price for various commodities, upgradation of traditional haats, and provision of modern storage facilities.
- The Scheduled Tribes and Other Traditional Forest Dwellers (**Recognition of Forest Rights) Act, 2006** is a very significant step in recognizing and vesting the forest rights of tribals. This Act needs to be strictly operationalised in letter and spirit.

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- Programme should be started to **identify CPRs**, removing encroachment particularly by the rich and restore their productivity through afforestation, pasteurization, rainwater-harvesting, etc.
- Disparities in availability of physical, developmental and social **infrastructure** should be removed by speedy creation of infrastructure in Naxal-affected districts.
- Mobilizing the **support of the people** is also absolutely essential to weaken the support base of the Naxals. Authorities should encourage civil society groups, having knowledge of, and sympathy with, local tribals in assisting for wider participation of people in implementation of the strategy.
- The **law enforcement machinery** in the affected areas would need to be strengthened. Some measures could be: additional police stations/outposts in the affected areas; filling up the police vacancies and improving the police-people ratio; sophisticated weapons for the police; personnel to be given training in counter-insurgency including protection of human rights etc.
- All the **central and state schemes** should build in enough flexibility to allow panchayat bodies to reshape them to suit their objective conditions. Panchayats at three tiers should have powers and authority to hold officials accountable for the subjects devolved to panchayats. Similarly, they should have powers to review performance and working of all departments in their areas.
- One major deficiency of existing administrative arrangements is the absence of a Justice Administration system in these areas. In this regard **Nyaya Panchayat Law** should be enacted by the Centre with enabling provisions for the states to adopt. Strengthening and reorientation of the law enforcement apparatus is a necessity to ensure justice and peace for the tribals.

Naxalism poses a major challenge to the country. The approach to the Naxalites problems needs a blend of firm but sophisticated, handling of Naxalites violence with sensitive handling of the developmental aspects. If Governments both Central and States look after the issue more seriously and take urgent measures then we can definitely root out this malaise from the country. The **success of Andhra Pradesh** in containing the Naxalite problem is not merely due to the military one, but as a result of comprehensive strategy encompassing military tactics supported by a successful surrender and rehabilitation package. This success should be replicated in other naxal areas.

MONEY-LAUNDERING AND ITS PREVENTION MEASURES AGAINST FINANCING OF TERRORISM

Terrorist activities in most cases require **substantial financial support**. Such activities generally involve the **propagation of an ideology** advocating militant action to achieve their goals, increasing the number of devoted followers willing to carry out militant action in furtherance of such goals, acquisition of and training in use of arms and explosives, planning and execution of such militant action etc. All these necessarily require significant funding. Apart from the **proceeds of illegal operations**, such funding could be sourced even from the **proceeds of lawful activities**. Supporters of a militant ideology could well make financial contributions to terrorist organizations from their known sources of income. Such contributions could also be made to some **non-profit or charitable institutions** acting as a front for terrorist organizations, knowingly or un-knowingly.

Funds may also be provided to such front organizations by **laundering the proceeds of crime**. In fact, terrorist organizations could also finance their activities by either resorting to or working in concert with **cartels involved in drug trafficking**, smuggling etc. – without having to resort to money-laundering per se. Funding could also involve **counterfeiting of currency**. In all the scenarios mentioned above, the end result is that money reaches the persons involved in carrying out terrorist acts. This brings into focus the crucial issue of transfer of funds – both **within and without the national boundaries**. International **organized crime** makes use of a wide range of methods and **networking to transfer funds** with a view to launder the proceeds of crime. Many of these methods are utilized by terrorist organizations in order to transfer funds required for financing their activities.

Money laundering is the criminal practice of filtering ill-gotten gains or –dirty money through a series of transactions, so that the funds are –cleaned to look like proceeds from legal activities. Money laundering is driven by criminal activities and conceals the true source, ownership, or use of funds. The **International Monetary Fund** has stated that the aggregate size of money laundering in the world could be somewhere between **2 and 5 percent of the world's gross domestic product**.

Money Laundering has a **close nexus with organised crime**. Money Launderers amass enormous profits through drug trafficking, international frauds, arms dealing etc. Cash transactions are predominantly used for Money Laundering as they facilitate the concealment of the true ownership and origin of money. Criminal activities such as drug trafficking acquire an air of anonymity through cash transactions.

The most common types of criminals who need to launder money are **drug traffickers, embezzlers, corrupt politicians and public officials, mobsters, terrorists and con artists**. Drug traffickers are in serious need of good laundering systems because they deal almost exclusively in cash, which causes all sorts of logistics problems. One important aspect of money laundering is the tendency and need for perpetrators to operate **cross border schemes** for the purpose of concealment and/ or

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to take advantage of the uneven developments in the national anti money laundering regimes.

Banks and financial institutions are vulnerable from the Money Laundering point of view since criminal proceeds can enter banks in the form of large cash deposits. Bank officials therefore need to exercise constant vigilance in opening of accounts with large cash deposits and in checking suspicious transactions.

In India money laundering is popularly known as Hawala transactions. It gained popularity during early 1990's when many of the politicians were caught in its net. Hawala is an alternative or parallel remittance system. The Hawala Mechanism facilitated the conversion of money from black into white. **"Hawala" is an Arabic word meaning the transfer of money** or information between two persons **using a third person.** The system dates to the Arabic traders as a means of avoiding robbery. It predates western banking by several centuries.

Apart from using the facilities provided by **international trade**, such organizations also take recourse to **bulk cash smuggling** and use of **informal channels of transfer of money (like hawala)**. This is the reason that internationally, there has been a tendency to **merge the anti-money laundering and counter-terrorist finance (AML/CTF)** regimes. However, **2 features distinguish the activities** related to money laundering operations with those related to financing of terrorist activities, which have a bearing on the nature of strategy to be adopted in a counter-terrorist finance regime. These are:

- a. In case of **money laundering**, the activity begins with the **generation of proceeds from unlawful activities/ crime** and ends with their **conversion into legal assets** (movable or immovable). On the other hand, financing of **terrorist activities** could be from legal or illegal funds and it culminates when it reaches the **perpetrators of a terrorist act**. Even if it involves money laundering activity in between, the **money trail** has to continue to its final destination. This widens the scope of investigation in cases involving terrorist finance.
- b. In the case of **money laundering**, even if the proceeds of unlawful activities/ crime get 'laundered', enforcement authorities could **undo the effect on the basis of post-facto investigation**. In case of **terrorist finance**, once the finance chain is completed and an act of terrorism has taken place, post facto investigation is limited to **generating evidence** leading to conviction of the perpetrators; loss of life and damage to property and public confidence is already done.

It follows from the above that the law enforcement and investigation regime has to be **wider in scope while dealing with terrorist finance** as compared to money laundering operations. Further, in dealing with financing of terrorist activities, the emphasis has to be more on **obstructing such activities** while in progress. The success and failure of a counter-terrorist finance regime would thus depend on the manner in which these two elements are incorporated in its strategy.

The **main planks of a strategy** to deal with the financial aspects of terrorist activities tend to involve:

- a. **Asset recovery** and obstruction powers
- b. **Legal penalties** against persons/ organizations involved in financing terrorism

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- c. Adoption of diligent customer identification programmes and standard record keeping procedures by **financial institutions/ agencies**
- d. Reporting of **suspicious financial activity** by individuals and institutions
- e. **Anti-money laundering measures**
- f. **Capacity building** and coordination mechanisms between agencies involved
- g. **International cooperation**

In the last decade, a **slew of measures has been taken in the US and UK** in their fight against terrorism. India too has taken many steps in this direction. We shall discuss these measures:

USA Congress has given the following findings regarding the money laundering:

- a. Money laundering provides the fuel that permits **transnational criminal enterprises** to conduct and expand their operations
- b. Money laundering and the defects in financial transparency are critical to the **financing of global terrorism**
- c. **Legitimate financial mechanisms** and banking relationships are subverted by the money launderers to move the proceeds of crime
- d. Certain national jurisdictions offer 'offshore' banking and related facilities which are designed to provide **anonymity**. Coupled with weak supervisory and enforcement regimes, these are suited to the movement of funds related to **narcotics trafficking, terrorism**, etc. They also pose challenges to tracking the trail of money.

METHODOLOGICAL PHASES OF MONEY LAUNDERING

The basic money laundering process has three steps:

- 1. Placement** - At this stage, the launderer inserts the dirty money into a legitimate financial institution. This is often in the form of cash bank deposits. This is the riskiest stage of the laundering process because large amounts of cash are pretty conspicuous, and banks are required to report high-value transactions.
- 2. Layering** - Layering involves sending the money through various financial transactions to change its form and make it difficult to follow. Layering may consist of several bank-to-bank transfers, wire transfers between different accounts in different names in different countries, making deposits and withdrawals to continually vary the amount of money in the accounts, changing the money's currency, and purchasing high-value items (boats, houses, cars, diamonds etc.) to change the form of the money. This is the most complex step in any laundering scheme, and it's all about making the original dirty money as hard to trace as possible.
- 3. Integration** - At the integration stage, the money re-enters the mainstream economy in legitimate-looking form -- it appears to come from a legal transaction. This may involve a final bank transfer into the account of a local business in which the launderer is "investing" in exchange for a cut of the profits. At this point, the criminal can use the money without getting caught. It's very difficult to catch a

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launderer during the integration stage if there is no documentation during the previous stages.

Following are the **various measures adopted all over the world for money laundering**, even though it is not exhaustive but it encompasses **some of the most widely used methods**.

- 1. Structuring deposits:** This method is also known as **smurfing**. In this method large amount of money is broken into smaller, less-suspicious amount.
- 2. Overseas banks underground/ alternative banking:** Money launderers often send money through various "offshore accounts" in countries that have bank secrecy laws, meaning that for all intents and purposes, these countries allow anonymous banking. A complex scheme can involve hundreds of bank transfers to and from offshore banks.
- 3. Shell companies:** These are fake companies that exist for no other reason than to launder money. They take in dirty money as "payment" for supposed goods or services but actually provide no goods or services; they simply create the appearance of legitimate transactions through fake invoices and balance sheets.
- 4. Investing in legitimate business:** Launderers sometimes place dirty money in otherwise legitimate businesses to clean it. They may use large business like brokerage firms or casinos that deal in so much money it's easy for the dirty stuff to blend in, or they may use small, cash-intensive businesses like bars, car washes, strip clubs or check-cashing stores.

OTHER EFFECTS OF MONEY LAUNDERING

- Ill-effects of money laundering are seen all over the world on almost all the sectors of life. More noticeable are economic effects which are on a broader scale. **Developing countries often bear the brunt** of modern money laundering because the governments are still in the process of establishing regulations for their newly privatized financial sectors. This makes them a prime target. In the 1990's, numerous banks in the developing **Baltic States** ended up with huge, widely rumored deposits of dirty money. Bank patrons proceeded to withdraw their own clean money for fear of losing it if the banks came under investigation and lost their insurance. The banks collapsed as a result.
- Other major issues facing world economies include errors in economic policy resulting from artificially inflated financial sectors. Massive influxes of dirty cash into particular areas of the economy that are desirable to money launderers create false demand, and officials act on this new demand by **adjusting economic policy**. When the laundering process reaches a certain point or if law enforcement officials start to show interest, all of that money will suddenly disappear without any predictable economic cause resulting in that **financial sector to fall apart**. Laundered money is usually untaxed, meaning the rest of us ultimately have to make up the **loss in tax revenue**.

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- The **negative economic effects** of money laundering on **economic development** are difficult to quantify. It is clear that such activity damages the financial-sector institutions that are critical to economic growth, **reduces productivity** in the economy's real sector by **diverting resources** and **encouraging crime and corruption**, which slow economic growth, and can distort the economy's external sector – international trade and capital flows – to the detriment of long-term economic development. Money laundering also **facilitates crime and corruption** within developing economies, which is the **antithesis of sustainable economic growth**. Money laundering reduces the cost of doing business for the criminal element, thereby **increasing the level of crime**.
- Money laundering can also be associated with **significant distortions** to a country's imports and exports. On the import side, criminal elements often use illicit proceeds to purchase imported luxury goods, either with laundered funds or as part of the process of laundering such funds. Such imports do not generate domestic economic activity or employment, and in some cases can artificially depress domestic prices, thus **reducing the profitability of domestic enterprises**.

Infamous Indian case involved that of Ketan parikh who brought the stock market to fall and many Indian politicians who received kickbacks for performing their executive functions through Hawala channels. The Hawala Mechanism left virtually no paper trail, which would attract investigations. The profits generated from Hawala were surreptitiously invested in real estate, gilt edged securities etc., to launder them. The list is unending and there is dire need to control these forces.

ANTI MONEY-LAUNDERING MEASURES & DUE DILIGENCE IN FINANCIAL SYSTEM

A. INDIA

The provisions related to money laundering are contained in the Prevention of Money-Laundering Act, 2002 (**POMLA**) as amended by the **Prevention of Money-Laundering (Amendment) Act, 2005**. As per POMLA, money-laundering has been defined as: —Whosoever **directly or indirectly** attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the **proceeds of crime** and projecting it as untainted property shall be guilty of offence of money-laundering.

Thus, money-laundering is confined to **activities/ offences connected with „proceeds of crime“**. 'Proceeds of crime' has been defined to mean any **property derived** or obtained, directly or indirectly, by any person as a result of criminal activity relating to a **„scheduled offence“** or the value of any such property. 'Scheduled offence' has been defined to mean the **offences specified under Part A of the Schedule to the Act** or those offences specified under Part B of the Schedule to the Act, if the total value involved in such offences is 30 lakh rupees or more.

Money-laundering will be an offence under the Act **only if it relates to any activity connected with the proceeds of crime**. Transactions not related to these scheduled crimes will be beyond the purview of the Act. Further, such activity connected with the proceeds of crime should be projected as **untainted property** to

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come under the purview of this Act. Although 'property' has been defined in the Act, the term 'untainted' has been left open for interpretation. It is apparent that the effectiveness of this Act is dependent on the **inclusions and exclusions in the Schedule to the Act.**

The Schedule **contains certain offences** under the Indian Penal Code, NDPS Act, 1985, Arms Act, 1959; Wildlife (Protection) Act, 1972; Immoral Traffic (Prevention) Act, 1956 and The Prevention of Corruption Act, 1988. A glance at the **offences listed in the Schedule** reveals that offences related to **organised crime** and racketeering; terrorism, including terrorist financing; **trafficking** in human beings; illicit trafficking in stolen and other goods; **fraud**, especially financial frauds; **counterfeiting** and piracy of goods; **smuggling** and insider trading and capital market manipulations etc. are **not listed therein**. This **limits the effectiveness of the Act** as far as dealing with complex money laundering and terrorist financing operations is concerned.

Even the offences mentioned in the Schedule have various **short-comings in the present scope** of the application of the law. The Schedule leaves certain provisions of **NDPS Act** which deals with punishment for contravention in relation to manufacture, possession, sale, purchase, transport, interstate trade or use of „**manufactured drug**“ or any preparation thereof. It may be mentioned here that this is **one of the major areas of criminal activities** related to offences under the NDPS Act attracting punishment in the form of rigorous imprisonment for a term not less than 10 years.

Similarly, the Schedule conspicuously leaves certain offences contained in **Immoral Traffic (Prevention) Act, 1956** which relate to keeping a brothel and living on the **earnings of prostitution**. The omission of these from the purview of the POMLA removes the proceeds of crime related to this area from the pale of money-laundering legislation. It also leaves out the certain provisions of **Prevention of Corruption Act, 1988** which pertain to **criminal misconduct by public servants**. The provisions therein cover cases of habitual offence and more importantly, cases of 'property disproportionate to known sources of income'.

Apart from the lacunae in the scope and application of the law in the present Act, there are also some **procedural enforcement issues** which could impinge on the overall effectiveness of the Act. These are as under:

1. **Attachment of property involved in money-laundering:** Act empowers the appropriate authority to provisionally attach property which he has the reason to believe are related to proceeds of crime. However the Act makes it mandatory that no such action for attachment of a property can be initiated **until the offence is registered with police, investigation** has been completed by the competent authority and a report to that effect has been made to the **Magistrate**.
2. **Search and Seizure etc.:** Act empowers the appropriate authority to carry out search and seizure proceedings if he has reason to believe that any person has committed an act, which constitutes money-laundering or is in possession of proceeds of the crime or records related to money-laundering. But the proviso to this Section lays down the **same pre-conditions** as mentioned above.

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3. Waiting for the investigation to be completed by the police officer and filing of the report by him could provide ample **opportunities for obliterating the money laundering trail**, destruction of evidence, movement of assets etc. Thus, both these proceedings will **remain non-starters** until and unless a complaint has been lodged with the respective authorities and a report has been submitted to the Magistrate. There is a case for **advancement of the stage** at which the search & seizure action or attachment of property could be undertaken under the POMLA, especially in cases which may have wider ramifications. Nonetheless, while allowing for the same, adequate safeguards may also be provided in the Act in order to **reduce the scope for any possible misuse**.
4. Once the proceedings under the POMLA have been initiated, the appropriate authorities are required to **file a complaint before the adjudicating authority** within a period of 30 days. The adjudicating authority will then decide whether such property is involved in money-laundering. If it confirms such attachment, then such attachment or retention of the seized property or record shall - (a) continue during the **pendency of the proceedings** relating to any scheduled offence before a court; and (b) **become final** after the guilt of the person is proved in the trial court and order of such trial court becomes final. The order of attachment of any property or retention of the seized property or record will **become final only after the guilt of the person is proved** in the trial court and the order of such trial court becomes final.

Investigation of Money Laundering Offences

The Prevention of Money Laundering Act incorporates **2 sets of measures** to counter money laundering: (i) it describes the **power and authority** available with the officers enforcing the law; and (ii) it also provides for a transaction **reporting regime** which is administered by a separate financial intelligence unit. The Directorate of Enforcement is the law **enforcing agency** in the case of POMLA. It draws its strength from officers with proven investigative and related skills from various Services, for example the Income-tax, Customs and Police, etc. through an **objective selection mechanism** for all officers above the rank of Deputy Director. The **present composition and structure** of the Directorate of Enforcement is sound but there is a need to strengthen the institutional **coordination mechanisms** between the Directorate of Enforcement and other intelligence collecting and coordinating agencies.

Financial Intelligence Unit

POMLA created the **reporting regime** with regard to financial transactions as envisaged in the Act through the establishment of the Indian **Financial Intelligence Unit** (FIU-IND). The regulations include **maintenance of record** of prescribed transactions, furnishing information to FIU-IND, and verification of clients. **Every reporting entity** is required to furnish to FIU-IND, inter alia, **monthly information** relating to **cash transactions of value of rupees 10 lakhs** or its equivalent in foreign currency; information on transactions which appear to be **complex** or which raise the **suspicion** of involving proceeds of crime etc. FIU-IND **analyses these reports** and **disseminates the information** to appropriate intelligence agencies.

The recipients of such information are the Ministry of Home Affairs,

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Research & Analysis Wing (RAW), Intelligence Bureau (IB), National Security Council Secretariat, Central Board of Direct Taxes, Central Board of Excise & Customs, Directorate of Enforcement, Narcotics Control Bureau, Central Bureau of Investigation, Reserve Bank of India, Securities and Exchange Board of India and Insurance Regulatory Development Authority. Presently, **all banking companies** including private foreign banks, co-operative banks, RRBs, **financial institutions** including insurance companies, hire-purchase companies, chit funds, non-banking financial companies and intermediaries **constitute a reporting entity**. The reporting regime **needs to be extended to high risk sectors** such as real-estate as is the case in the UK. As the volume of transactions reported would see a continuous growth accompanied by an increase in their complexity, the FIU-IND would have to be **strengthened organizationally** to meet challenges.

Co-ordination

Apart from the specific inputs provided by FIU-IND on transactions suspected of being related to money laundering, the **main forum for co-ordination and co-operation** among various agencies dealing with economic offences available to the Directorate of Enforcement is the **Regional Economic Intelligence Councils (REICs)**. The REICs, constituted in **1996**, are the nodal regional agencies for ensuring operational coordination amongst different enforcement and investigation agencies dealing with **economic offences** in their respective regions. These REICs are located at 18 regional centres throughout the country and consist of **designated officers** of CBDT, CBEC, CBI, ED, heads of related agencies of the Union and State Governments in the region, RBI, SBI, Registrar of Companies, etc. The REICs not only share **information related to tax matters** but also **cover all areas of economic intelligence** focusing on real time dissemination of information.

The functioning of the REICs is coordinated by the **Central Economic Intelligence Bureau (CEIB)** which is under the administrative control of the Department of Revenue, Ministry of Finance. The CEIB acts as the **nodal agency for economic intelligence**. As the Directorate of Enforcement is a member of the REIC, it would be useful if the platform provided by them is also utilized to coordinate among agencies in cases which are suspected to be linked with money laundering. Further, owing to the **complexity of cases involved**, it would also be useful if the FIU-IND, apart from disseminating agency specific information, furnishes **overall region-centric information** to the CEIB for disseminating it to the respective REICs with a view to expanding the information regime.

PREVENTION OF MONEY LAUNDERING (AMENDMENT) BILL, (POMLA) 2009

Parliament has adopted the Prevention of Money laundering (Amendment) Bill, 2009. It aims at combating **money laundering, terror financing and cross border economic offences**. In addition, it would introduce tougher sanctions for those convicted of **insider trading** and market abuse. It also in cross a new category of offences, which have cross border implications.

Under the bill, the **enforcement Directorate** will be empowered to search the premises immediately after the offence is committed and the police has filed a report under the Cr. P.C. **Financial intermediaries** like money changers, money

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transfer service providers such as Western Union and international Payment gateways including Visa and Master Card have also been brought under the ambit of the POMLA. The provisions will also check the misuse of the **“proceeds of crime”**, be. It from the sale of banned narcotic substances or breach of the Unlawful Activities (Prevention) Act.

The passage of the bill will enable India's entry into the Financial **Action Task Force (FATF)**, an inter-governmental body that has the mandate to combat money laundering and terrorist financing. The period of provisional **attachment of property** will be increased from 90 to 120 days. Bill will safeguard against harassment of **innocent persons** who may have unknowingly dealt in proceeds of crime. After the amendments, only a person who directly or indirectly attempts to indulge or knowingly assists or is actually involved in any activity concerned with the proceeds of crime shall be guilty of the offence of money laundering. Money laundering offences will fall, under **two categories**.

1. All transactions in proceeds of offences against the state and those involving narcotics are in the first category, where there is no threshold limit for attracting the provisions of the anti-money laundering law.
2. In the second category are the proceeds from other crimes, where there will be a threshold limit of Rs 30 lakh.

The **money laundering authority** and subordinate offices will be set up to administer the law. The officials of the authority can seize, undertake searches and attach properties of persons involved in money laundering and confiscate the proceeds of crime safeguard against misuse. The **officials will be subject to prosecution** in case of **—motivated searches**, but it will require explicit permission from the government. Unlike the foreign exchange management act, which is a corollary place of legislation but mostly provides for compounding of offences and fines, the money laundering prevention law provides for criminal prosecution.

B. THE USA

Before September 11, 2001, US law lays stress on **financial transactions involved in promoting specified unlawful activity**; perpetrating tax evasion; concealing the nature, location, source, ownership or control of proceeds of specified unlawful activity; avoiding transaction reporting requirements under different laws; actual transportation, transmission or transfer of instruments or funds from or to the United States as related to specific unlawful activities and property transactions for the same purpose.

After September 11, 2001, the **“Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001”** was enacted. This significant piece of legislation contains a number of provisions related to **financial transactions and terrorist activities**. Some of these are described here:

1. **Interception of wire, oral and electronic communications relating to terrorism**: Law enforcement authorities may intercept wire, oral or electronic communications under a **judicially supervised procedure**. However, this authority is only available in connection with the investigations of **specifically designated**

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serious crimes. These include: (a) engaging in financial transactions with the government of a country which is designated as **country supporting international terrorism** and (b) providing any kind material support to terrorists or terrorist organizations.

2. Special measures targeted towards international primary money laundering issues:

- a. The Secretary of Treasury is authorized to require domestic financial institutions and agencies to take „**special measures**“ upon something of primary money laundering concern.
- b. Every financial institution with a private banking for a foreign person or bank to establish **controls to detect** and report money laundering.
- c. Prohibits banks operating in the US and others from maintaining correspondent accounts for **foreign shell banks**.
- d. It includes **bribery of a public official** etc. to the list of offences under foreign law
- e. It requires **minimum standards** to be prescribed for financial institutions to identify their customers.

Thus, the USA PATRIOT Act, 2001 is basically an **exercise in capacity building** in order to create an **information-rich environment** enabling the law enforcement agencies to effectively **trace and obstruct terrorist finance** and protect the financial systems from money laundering and terrorist abuse. Thus, the focus is now on protecting the financial system from abuse through **customer identification programmes**, maintenance of records by financial institutions and reporting of suspicious transactions to Financial Crimes Enforcement Network (**FinCEN**). The Federal Bureau of Investigation (**FBI**), Immigration and Customs Enforcement, Internal Revenue Service-Criminal Investigation and Drug Enforcement Authority are the **main US agencies** involved in the fight against money laundering.

C. The UK

The United Kingdom has also put in place a sound anti-money laundering system. The **Proceeds of Crime Act 2002 (POCA)** provides for a **single set of money laundering offences**, applicable throughout the UK to proceeds of all crimes. Thus, law enforcement agencies no longer need to show that illicit money has been derived from one particular kind of crime. Some of the offences which deals with money laundering, are as follows:

- a. **Concealing etc.:** A person commits an offence if he conceals, disguises, converts, removes or transfers criminal property. It includes concealing or disguising its **nature, source, location, disposition**, movement or ownership or any rights with respect to it.
- b. **Arrangements:** A person commits an offence if he enters into an arrangement which he knows or suspects facilitates the **acquisition, retention, use or control** of criminal property by or on behalf of another person.
- c. **Acquisition, use and possession:** A person commits an offence if he acquires, uses or has possession of criminal property.

With one stroke, POCA opens up **new legal avenues to prosecute** those

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associated with criminal finance and to deprive them of any benefit they might enjoy from criminal assets. It has been claimed that POCA delivers one of the world's most powerful legal tools against money laundering.

The Money Laundering Regulations 2007 provides that **due diligence measures** be undertaken in the case of **customer identification**; record-keeping, procedures and training; supervision and registration of high value dealers, money service businesses and trusts or company service providers; etc. A very **wide spectrum of service providers** is covered under these Regulations. The information is to be provided to the **UK FIU**, which in turn analyses the information and makes it available to law enforcement agencies. The FIU also has a specialized **Terrorist Finance Team**.

Further, in case of persons convicted for certain serious offences, the Court may make a Financial Reporting Order under the Serious Crime and Police Act which requires **continuous disclosure of financial records** provided the court is satisfied that the **risk of the offender** committing another such offence is 'sufficiently high'. POCA also contains provisions for making **confiscation orders** in cases where the offender has been convicted under any other law. Under these orders, the offender is required to **pay back the value of the benefit** derived from a given crime.

MEASURES TO BLOCK THE FLOW OF FUNDS FOR FINANCING TERRORIST ACTIVITIES

While an effective money laundering regime is an essential element of the fight against terrorist finance, certain **additional measures** are required to prevent financing of terrorist activities. Steps taken in this connection are detailed below.

A. INDIA

Making terrorist finance an offence

- 1. TADA:** Under TADA (Terrorist and Disruptive Activities (Prevention) Act, 1987), holding **property derived or obtained from any terrorist activity** or acquiring them through terrorist funds was an offence. The Act also provided for **seizure** of such property. It empowered the investigating officer to seize or attach any property about which he has reasons to believe that it is derived or obtained from the commission of any terrorist act under investigation, albeit with the **prior approval of the Superintendent of Police**. However, he was also required to duly inform the **Designated Court** within 48 hours of such attachment for confirmation or revoking of the order. The Designated Court was empowered to **order forfeiture** of such properties in the event of conviction.
- 2. POTA:** Under POTA also, holding property derived or obtained from any terrorist activity or acquiring them through terrorist funds was an offence. The **Prevention of Terrorism Act, 2002** (POTA) also included the phrase **„act of raising funds intended for the purpose of terrorism“** in the definition of the term 'a terrorist act' itself. POTA also made the holding of proceeds of terrorism illegal and provided that such proceeds -whether held by a terrorist or by any other person and whether or not such person is prosecuted or convicted under this Act, shall be **liable to be**

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forfeited to the Central Government or the State Government, as the case may be...l. Further, **fund raising for a terrorist organization** was also made an offence. This included inviting others to provide money or property and receiving money or property with the intention of using it or having reasonable cause to suspect that it may be used, for the purposes of terrorism and providing money or property knowing or having reasonable cause to suspect that it may be used for the purpose of terrorism.

It authorized an officer (not below the rank of Superintendent of Police) investigating an offence committed under this Act to **seize or attach any property representing the proceeds of terrorism**. However, prior approval in this case was to be obtained from the **Director General of Police** of the State Government before making the order. This authority extended to seizure or attachment of any property which is being used or is intended to be used for the purpose of any organization declared as a **terrorist organization** for the purposes of the Act.

Further, the investigating officer had the power to **seize and detain cash, including postal orders, traveler's cheques, banker's drafts** and other specified monetary instruments, if had reasons to suspect that it was intended to be used for the purposes of terrorism or it formed a part of the resources of a terrorist organization. As in the case of TADA, the investigating officer was required to inform the **Designated Authority within 48 hours**, who had the authority to confirm or revoke the order. It empowered the **Special Court** to pass an order regarding forfeiture of such property or otherwise. The Special Court was also empowered to **order the attachment of movable and immovable property** belonging to a person accused of any offence under POTA during the period of the trial.

- 3. ULPAA:** The **Unlawful Activities (Prevention) Amendment Act, 2004** also provides for punishment for knowingly holding a property derived or obtained from the commission of a terrorist act or acquired through terrorist funds. Like POTA, this Act also **prohibits the possession of any proceeds of terrorism** and provides for forfeiture of such proceeds. Besides, raising funds for a terrorist organization has also been made an offence.

The Investigating Officer is authorized to **seize or attach property representing the proceeds of terrorism** with the prior approval of the **Director General of Police** of the State in which such properties are situated. He is required to duly inform the **Designated Authority within 48 hours** of the seizure or attachment who in turn is empowered to confirm or revoke the same. The Investigating Officer is also authorized to seize and **detain any cash** to which the Chapter on 'Forfeiture of Proceeds of Crime' applies including traveler's cheques and banker's drafts etc. if they are related to terrorism or a terrorist organization. The **forfeiture of such proceeds is to be ordered by a Court of law**. The Court is also authorized to order attachment of properties of an accused.

Blocking the channels of financing terrorist activities

Owing to the fact that carrying out of any terrorist act would necessarily involve financial backing, any strategy to **counter financing of terrorism** should not only contain measures regarding investigation and prosecution of the offence after the

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commission of any terrorist act, but also measures providing legal and institutional basis to **gathering of intelligence/ information** leading to carrying out of investigations and **blocking of funds and material support** essential for the commissioning of such acts. In other words, apart from making the raising of funds for terrorism an offence, focus has to be on **prevention of such acts also**.

For example, in **the US**, one important development in the aftermath of the events of September 11, 2001 was the operationalisation of a **Terrorism Financing Operations Section** (TFOS) by the FBI which —works not only to identify and track financial transactions and links after a terrorist act has occurred; it exploits financial information to identify previously unknown terrorist cells, to recognize potential terrorist activity or planning, and to predict and prevent potential terrorist acts. In fact, to strengthen the efforts against terrorist financing activities, various investigation agencies in the US have separately created their own **anti-terrorist finance units** apart from increasing their participation in inter-agency efforts.

In **India** the provisions in the **ULPAA** (the anti-terrorist law in operation today) regarding **attachment and seizure of property** leading to forfeiture are applicable **only in the case of „proceeds of terrorism“**. Thus, attachment and forfeiture could only be in the case of properties which are derived or **obtained from the commission of any „terrorist act“** or are acquired by using funds traceable to a 'terrorist act'. This means that, except in the case of a 'terrorist organisation', the attachment and forfeiture provisions become **operative only after the „terrorist act“ has already been committed**.

In order to thwart the menace of terrorism and block the financing of terrorist activities, apart from the provisions already mentioned above, the **new legal provisions on terrorism** may also incorporate provisions regarding **freezing of assets, bank accounts, deposits etc.** while investigating the financial trail in cases where there is **reasonable suspicion** of their intended use in facilitating the commission of terrorist acts. Such actions may be undertaken by the investigating officer with the prior **approval of a designated authority** and subject to adequate safeguards.

Information/ intelligence on terrorist financing activities could be, and are actually being, generated by different intelligence and investigation agencies which are engaged in general or specific fields of activities. Financing of terrorist activities can be done through a multitude of modes, like: (a) value transfers through trading transactions, (b) hawala transactions, (c) currency smuggling, (d) counterfeiting, (e) defrauding financial institutions and the public at large, (f) false claim of exemptions, (g) false claim of refunds, (h) using non- profit organizations and charities as a vehicle (i) drug trafficking and narcotics trade, (j) investments and trading in capital and commodities markets (including foreign investments), (k) transactions in real estate etc.

Owing to the scope for their abuse, the investigation agencies having the authority to inquire into such activities as mentioned above, need to **devote more resources and manpower to identify suspected terrorist financing activities** so that information could be provided to intelligence agencies and authorities empowered to investigate terrorism cases. Another important source of information in this regard is the **financial reporting regime administered by FIU-IND**. This regime has been

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strengthened recently, in the sense that the **Prevention of Money-laundering Rules, 2005** has been amended in 2007 to include reporting to FIU-IND of any transaction which –gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorismll.

Thus, the entities covered by the transaction reporting regime are now required to report such **specific suspicious transactions also**. However, for **concerted action on the financial leads** provided by information gathered by various sources, a **specialized cell** may be created in the proposed **National Counter-terrorism Centre** drawing upon expertise from the Union Ministries of Finance and Home Affairs and the Cabinet Secretariat. Further, different investigation agencies dealing with financial transactions may set-up **anti-terrorist finance cells** within their organizations to augment the efforts of intelligence agencies involved in counter-terrorism activities and facilitate coordination among agencies.

While financing of terrorist activity through ‘conventional’ methods such as currency smuggling, counterfeiting, drug-trafficking, frauds, use of informal channels of money transmission (‘hawala’) etc. continues, **methods such as online payments, trade-based money-laundering, abuse of charities, false claims etc.** have increasingly assumed centre-stage in the recent years. As investigation of transactions related to such activities requires **specialized investigation techniques** and skills, there is need to develop **multi-faceted investigation teams** in the agencies charged with the responsibility of conducting investigations under the anti-terrorist law. However, apart from the **present system of deputations** to such agencies, it would be useful to commission **dedicated teams** within these investigating agencies with a view to investigate financial aspects of specific cases/group of cases by inducting officers having specialization in different aspects of financial investigation for short periods. The objective would be **speedy and focused completion of the financial aspect of the investigation** in such cases.

B. THE USA

- 1. Making terrorist finance an offence:** US Code deals with offences related to ‘terrorism’, wherein engagement in financial transactions with the government of a country designated as a **country supporting international terrorism** has been made an offence. The provision of **material support or resources** or concealment of the nature, location, source or ownership of such material support knowing or intending their use in certain acts etc. is made an offence. Here ‘material support or resources’ has been defined to include any property, tangible or intangible, or service, including currency or monetary instruments or financial securities and financial services.
- 2. Asset freezing:** through an Executive Order of 2001, US government aimed at all individuals and institutions linked to global terrorism and **allows the US to freeze assets** subject to US jurisdiction and to **prohibit transactions by US persons** with any person or institution designated pursuant to the Executive Order based on their association with terrorists or terrorist organizations. It also authorizes the **imposition of blocking orders** on additional domestic or foreign institutions that support terrorism. This Order immediately **froze the financial assets situated in the US of 27 listed entities** and prohibited transactions of US citizens with these

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entities. The list has been subsequently expanded to include many more individuals, charitable organisations, businesses etc.

C. THE UK

- 1. Making terrorist finance an offence:** under the Terrorist Act, 2000 a person commits an offence if he **invites, receives or provides; uses or possesses;** enters into or becomes **concerned in an arrangement** as a result of which money or other property, and intends that it should be used, or has reasonable cause to suspect that it may be used, for the purposes of terrorism.
- 2. Asset freezing:** HM **Treasury** can direct freezing of assets and funds on grounds of suspected involvement with terrorism. This action is also taken in concert with other Governments. The **Anti-terrorism, Crime and Security Act 2001** provides for making of ‘freezing orders’ with respect to certain funds.

POVERTY

Different people think about poverty in different ways. Some people think that poverty is about being able to buy and sell but other people think about getting a fair share of education and health care or about being given respect, and having some influence over what happens in their life. Because of these differences it is useful to think about two main types of poverty - income poverty and non-income poverty.

Income poverty happens when a household takes in less than one US dollar per day. This means that people will not have enough food or medicine and they will have poor clothes and houses. Income poverty is due to people not having access to money or other assets. The best way to reduce income poverty is to encourage and support the development of effective businesses (small, medium and large) which make good use of our natural resources and talents to create wealth and jobs

Non income poverty happens when people may have a little bit of money but otherwise the quality of their life is not good. They do not have access to affordable social and physical services (schooling, health care, medicines, safe water, good sanitation, and good transport). The best way to reduce non-income poverty it to make sure that people have access to affordable and good quality social services and infrastructure, that they feel secure in their homes, that they trust the authorities and, if they are vulnerable, that there are safety net programmes to protect them.

:: Poverty is the **deprivation of common necessities** such as food, clothing, shelter and safe drinking water, all of which determine our quality of life. It may also include the **lack of access to opportunities** such as education and employment which aid the escape from poverty and/ or allow one to enjoy the respect of fellow citizens.

This is the World Bank's definition of poverty:

:: Poverty is an **income level below some minimum level necessary to meet basic needs**. This minimum level is usually called the **-poverty line**.

Definition agreed by the World Summit on Social Development in Copenhagen in 1995:

- Poverty is a condition characterized by **severe deprivation of basic human needs**, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on **access to services**.
- It includes a **lack of income and productive resources to ensure sustainable livelihoods**; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments and social discrimination and exclusion.
- It is also characterized by **lack of participation in decision making** and in civil, social and cultural life.
- **It occurs in all countries**: as mass poverty in many developing countries, pockets of poverty amid wealth in developed countries, loss of livelihoods as a result of

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economic recession, sudden poverty as a result of disaster or conflict, the poverty of low-wage workers, and the utter destitution of people who fall outside family support systems, social institutions and safety nets.

Poverty has many dimensions

- A **material** dimension (food, clothing etc.)
- A **psychological** dimension (respect, self-esteem, trust, fear)
- A **political** dimension (power, representation) and
- A **social** dimension (education, health, work).

:: The **latter 2 dimensions** point to the fact that poverty, while often suffered alone and in solitude, requires **social cooperation** if it is to be eliminated. The **material, political and social dimensions can, to some extent, be** measured, which is necessary if we want to have an idea of the importance of the problem, its evolution over time, and the effectiveness and success of policy measures aimed to combat poverty. One can measure nutrition, housing, income, access to certain services, standard of living, quality of life etc.

:: The **psychological dimension** is much more difficult to measure, but no less important. This dimension also shows us that poverty is not just a matter of the current state one is in, and the resources one has or doesn't have. It is also about vulnerability, about the **future**, about trust and fear. Poverty means comparing yourself to others, feeling like a failure, humiliated, shameful etc. The **insufficiency of resources to meet basic needs**, such as nutrition, shelter, health and education can result in following **material symptoms of poverty**:

- Low **income or consumption** levels.
- Low average **calorie** intake levels.
- High infant **mortality** rates.
- Low **life expectancy** rates.
- High **illiteracy** rates.
- High **unemployment**.
- Widespread **diseases**, especially curable ones.
- Famine or high risk of **famine**.
- High rates of economic **migration**.

:: Apart from these absolute monetary and non-monetary kinds of poverty, there is also **relative poverty**: people compare themselves to others, mostly others who are relatively close by and better off. This inequality of income or consumption can result in the following **psychological symptoms of poverty**:

- Feelings of loss of dignity
- Low self-esteem
- Feelings of relative powerlessness
- Feelings of lack of participation in culture and politics
- Feelings of discrimination and resentment

A third kind of poverty is **vulnerability**, actual or perceived risk of future poverty. This vulnerability can result in following **psychological symptoms** of poverty:

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- Fear, stress
- Feelings of insecurity
- Irrational precaution measures
- Family planning decisions
- Migration

ANOTHER DIMENSION: ABSOLUTE POVERTY & RELATIVE POVERTY

:: Poverty is usually measured as either absolute or relative poverty (the latter being actually an index of **income inequality**). Absolute poverty refers to a **set standard** which is consistent over time and between countries. The World Bank defines extreme poverty as living on **less than US \$1.25 (PPP) per day**, and **moderate poverty** as **less than \$2 a day** (but note that a person or family with access to subsistence resources, e.g. subsistence farmers, may have a low cash income without a correspondingly low standard of living- they are not living "on" their cash income but using it as a top up). It estimates that "in 2010, 1.2 billion people had consumption levels below \$1 a day and 2.7 billion lived on less than \$2 a day".

:: **6 million children die of hunger every year** - 17,000 every day. **Selective Primary Health Care** has been shown to be one of the most efficient ways in which absolute poverty can be eradicated in comparison to Primary Health Care which has a target of treating diseases. **Disease prevention** is the focus of Selective Primary Health Care which puts this system on higher grounds in terms of preventing malnutrition and illness, thus putting an end to Absolute Poverty.

:: The **proportion of the** developing world's **population living in extreme economic poverty** fell from 28% in 1990 to 22% in 2012. Most of this improvement has occurred in East **and** South Asia. In East Asia the World Bank reported that "The poverty headcount rate at the \$2-a-day level is estimated to have fallen to about 25% (in 2012), down from 69% in 1990." In Sub-Saharan Africa extreme poverty went up from 41% in 1981 to 48.5% in 2010.

:: In the early 1990s some of the **transition economies of** Eastern Europe **and** Central Asia experienced a sharp drop in income. The collapse of the Soviet Union resulted in large declines in GDP per capita, of about 30 to 35% between 1990 and 1998. As a result poverty rates also increased although in subsequent years as per capita incomes recovered the poverty rate dropped from 31.4% of the population to 19.6%.

:: World Bank data shows that the percentage of the population living in households with **consumption or income per person below the poverty line** has decreased in each region of the world since 1990:

Region	1990	2002	2010
East Asia and Pacific	15.40%	12.33%	12.5%
Europe and Central Asia	3.60%	1.28%	0.7%
Latin America and the Caribbean	9.62%	9.08%	5.5%
Middle East and North Africa	2.08%	1.69%	2.4%
South Asia	35.04%	33.44%	31.0%
Sub-Saharan Africa	46.07%	42.63%	48.5%

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:: However, there are **various criticisms** of these measurements. Although "a clear trend decline in the percentage of people who are absolutely poor is evident ... with uneven progress across regions...the **developing world outside China and India has seen little or no sustained progress** in reducing the number of poor".

:: **The World Bank report "Global Economic Prospects"** predicts that in **2030** the number living on less than the equivalent of **\$1 a day will fall by half**, to about 550 million. Much of **Africa** will have difficulty keeping pace with the rest of the developing world and even if conditions there improve in absolute terms, the report warns, Africa in 2030 will be home to a larger proportion of the world's poorest people than it is today.

:: The reason for the faster economic growth in East Asia **and** South Asia is a result of their relative backwardness, in a phenomenon called the **convergence hypothesis** or the **conditional convergence hypothesis**. Because these economies began modernizing later than richer nations, they could benefit from simply adapting **technological advances** which enable higher levels of productivity that had been invented over centuries in richer nations.

RELATIVE POVERTY

:: Relative poverty views poverty as **socially defined and dependent on** social context, hence relative poverty is a **measure of income inequality**. Usually, relative poverty is measured as the percentage of population with income **less than some fixed proportion of median income**. There are several other different income inequality metrics, for example the Gini coefficient or the Theil Index.

:: Relative poverty measures are used as official poverty rates in several **developed countries**. As such these poverty statistics **measure inequality rather than material deprivation** or hardship. The measurements are usually based on a person's yearly income and frequently take no account of total wealth. The main poverty line used in the OECD and the European Union is based on "**economic distance**", a level of income set at 60% of the median household income.

:: **Ultra-poverty**, a term apparently coined by **Michael Lipton**, connotes being **amongst poorest of the poor in low-income countries**. Lipton defined ultra-poverty as receiving less than 80% of minimum caloric intake whilst spending more than 80% of income on food. Alternatively a 2007 report issued by **International Food Policy Research Institute** defined ultra-poverty as living on less than 54 cents per day. The depth of poverty should be measured. This **depth is the distance to the poverty line**. Just below the poverty line or way below makes a lot of difference.

MEASURES OF POVERTY

Not all of the kinds of poverty can be easily measured. Some perhaps cannot be measured at all. Even the apparently easy ones, such as infant mortality rates or income levels, can and do pose problems, such as the **availability of data** (poor countries often do not have the institutional resources to generate high quality statistics), international comparability of data, definitions of data etc. However, it

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is important to measure the levels of poverty and their evolution as good as we can. Only if we have data can we **judge the effectiveness of specific programs** to alleviate specific symptoms of poverty.

Poverty is **not just a philosophical problem** because depending on the definition of poverty we use, our measurements will be radically different (even with an identical definition, measurements will be different because of different measurement methods). Roughly **6 different parameters for measuring poverty** are used:

- insufficient **income**
- insufficient **consumption** spending
- insufficient **caloric** intake
- **food consumption spending** above a certain share of total spending
- certain **health indicators** such as stunting, malnutrition, infant mortality rates or life expectancy
- certain **education** indicators such as illiteracy

None of these parameters is ideal, although the first and second on the list are the most widely used. A few words about the advantages and disadvantages of each are as follows:

1 Income: e.g. **-\$1 a day** level, which is the **World Bank definition** of extreme poverty level; moderate poverty is less than \$2 a day; these levels are of course expressed in purchasing power parity.

:: In **developed countries**, income is a common definition because it's easy to measure. Most people in developed countries earn a salary or get their income from sources that are **easy to estimate** (interest payments, the value of houses, stock market returns etc.). They don't depend for their income on the climate, crop yields etc. Moreover, developed countries have **good tax data** which can be used to calculate incomes.

:: In **developing countries**, however, income data tend to be underestimated because it's **difficult to value the income of farmers and shepherds**. Farmers' incomes fluctuate heavily with climate conditions, crop yields etc. Another disadvantage is that people are generally **reluctant to disclose their full income**. Some income may have been hidden from the **tax administration** or may have been earned from illegal activity such as **corruption**, smuggling, drug trade, prostitution, theft etc. For this reason, using income to estimate poverty means overestimating it.

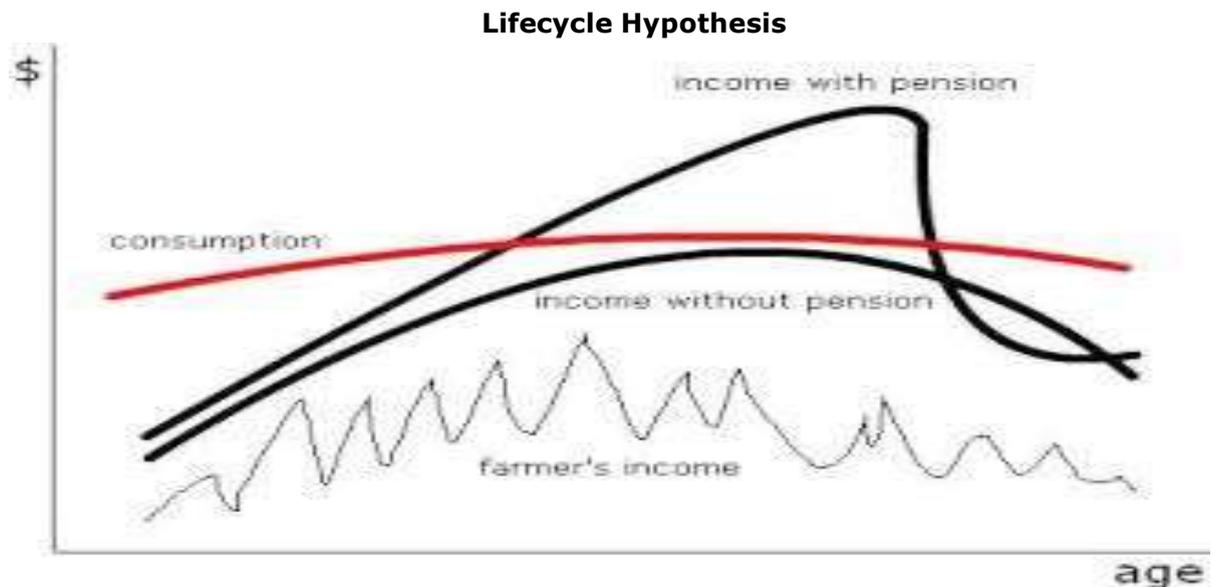
2 Gross Domestic Product (GDP, or total annual country income) per capita or per citizen is another measure of poverty. However, the problem with this measure is that it tells us about average and not how it is distributed over the spectrum. For example, in India, the people below poverty line are much below the average GDP per capita.

3 Consumption: The main advantage of using consumption rather than income to measure poverty is that consumption is **much more stable over the year and over a lifetime**. This is even truer in the case of farmers who depend on the weather for their income and hence have a more volatile income. As farmers are often relatively poor, this issue is all the more salient for poverty measurement. This

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is called the **lifecycle hypothesis** (shown in graph). Another advantage of using consumption is that people aren't as reticent to talk about it as they are about certain parts of their income.

:: However, consumption of goods like **durable goods and housing** is difficult to measure because it's difficult to value them. For example, if a household owns a house, it is difficult to estimate what it would cost to rent that particular house and add this to the total consumption of that household. Then the same has to be done for cars etc.



:: Another difficulty in measuring consumption is that in developing countries households **consume a lot of what they themselves produce** on the family farm. This as well is often difficult to value correctly. And finally, **different people have different consumption needs**, depending of their age, health, work etc. It's not clear how these different needs are taken into account when consumption is measured and used as an indicator of poverty.

- 4 **Calorie intake:** the problem with this is that **different people need different amounts** of calories (depending on their type of work, their age, health etc.), and that it isn't very easy to measure how many calories people actually consume. An average adult male has to eat food representing **approximately 2000-2500 calories** per day in order to sustain the human body.
- 5 **Food spending as a fraction of total spending:** here the problem is that if we say people who spend more than x% of their total spending on food are considered poor, we still have to factor in **relative food prices**.
- 6 **Stunting as an indicator of malnutrition and hence of poverty:** stunting (height for age) is a notoriously difficult thing to measure.
- 7 Another measure of poverty is work out the **parameters related to education** such number of years in education, Literacy levels, drop-out rates etc.

:: Another issue with poverty measurement is that people may have comparable incomes or even consumption patterns, but they may face very **different social or environmental conditions**: an annual income of \$500 may be adequate for people living in a rural environment with a temperate climate where housing is cheap,

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heating isn't necessary and subsistence farming is relatively easy. But the same income can mean deep poverty for a family living in a crowded city on the edge of a desert. The presence or absence of public goods such as quality schools, roads, running water and electricity also makes a lot of difference, but poverty measurement usually doesn't take these goods into account.

:: For other types of **poverty such as income differences**, traditionally used measure is the **Gini coefficient** although most symptoms of this kind of poverty, as well as social, psychological poverty, are **intangible**. The difficulties of aggregating the different available measures, together with the difficulties of measuring other indicators, result in the **impossibility to establish a single, binary poverty indicator**, —are you poor or not?, yes or no type of indicator. As a result, many scientists and politicians use a simplified rule to establish poverty, for example the —1 \$ a day rule, of some other kind of poverty level expressed quantitatively. It is also important to measure the time frame of poverty, i.e. **incidental or chronic poverty**. This difference should be taken into account when devising policies.

POVERTY ESTIMATES IN INDIA

Poverty in India is still rampant, with the nation estimated to have a third of the world's poor, despite an impressive economic growth. **In 2011, World Bank stated, 32.7%** of the total Indian people fall below the international poverty line of US\$ 1.25 per day (PPP) while 68.7% live on less than US\$ 2 per day. According to 2010 data from the **United Nations Development Programme**, an estimated **37.2% of Indians** live below the country's national poverty line.

According to a **new Poverty Development Goals Report**, as many as 320 million people in India and China are expected to come out of extreme poverty in the next four years, while **India's poverty rate is projected to drop to 22% in 2015**. The report also indicates that in Southern Asia, however, only India, where the poverty rate is projected to fall from 51% in 1990 to about 22% in 2015, is on track to cut poverty in half by the 2015 target date.

The latest UNICEF data shows that **one in three malnourished children** worldwide are found **in India**, whilst 42 percent of the nation's children under five years of age are underweight. **The 2011 Global Hunger Index (GHI) Report** places India amongst the three countries where the GHI between 1996 and 2011 went up from 22.9 to 23.7, while 78 out of the 81 developing countries studied, including Pakistan, Nepal, Bangladesh, Vietnam, Kenya, Nigeria, Myanmar, Uganda, Zimbabwe and Malawi, succeeded in improving hunger condition.

:: According to the definition by **Planning Commission**, poverty line is drawn with an intake of **2400 calories in rural areas and 2100 calories in urban areas**. If a person is unable to get that much minimum level of calories, then he/ she is considered as being below poverty line. The Planning Commission in **March 2012** released the latest poverty estimates for the country showing a **decline in the incidence of poverty** by 7.3 per cent over the past 5 years and stating that anyone with a daily consumption expenditure of Rs. 28.35 and Rs. 22.42 in urban and rural areas respectively is above the poverty line.

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OTHER POVERTY ESTIMATES FOR INDIA

Estimates by **NCAER** (National Council of Applied Economic Research), show that **48% of the Indian households** earn more than ₹90,000 (US\$ 1,998) annually (or more than US\$ 3 PPP per person). According to NCAER, of the 222 million households in India, the absolutely poor households (annual incomes below ₹45,000) accounted for only 15.6 % of them or about 35 million (about 200 million Indians). Another 80 million households are in income levels of ₹45,000-90,000 per year. These numbers also are more or less **in line with the latest World Bank estimates** of the **-below-the-poverty-line** households that may total about 100 million (or about 456 million individuals).

Income inequality in India is increasing, with a Gini coefficient of 32.5 in 1999-2000. Although the Indian economy has grown steadily over the last two decades, its **growth has been uneven** when comparing different social groups, economic groups, geographic regions, and rural and urban areas. Between 1999 and 2008, the annualized growth rates for Gujarat (8.8%), Haryana (8.7%), or Delhi (7.4%) were much higher than for Bihar (5.1%), Uttar Pradesh (4.4%), or Madhya Pradesh (3.5%).

Poverty rates in **rural Orissa** (43%) and **rural Bihar** (41%) are among the world's most extreme. A study by the Oxford Poverty and Human Development Initiative using a Multi-dimensional Poverty Index (**MPI**) found that there were 645 million poor living under the MPI in India, 421 million of whom are concentrated in eight North India and East India states of Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh and West Bengal. This number is higher than the 410 million poor living in the 26 poorest African nations.

A report by the state-run **National Commission for Enterprises in the Unorganised Sector** (NCEUS) found that 77% of Indians, or 836 million people, lived on less than 20 rupees (approximately US\$ 0.50 nominal; US\$ 2 PPP) per day. It is relevant to view poverty in India on a PPP basis as food etc. are purchased in Rupees.

According to a recently released **World Bank report**, India is on **track to meet its** poverty reduction **goals**. However by **2015**, an estimated **53 million people** will still live in extreme poverty and 23.6% of the population will still live under US\$ 1.25 per day. This number is expected to reduce to 20.3% or 268 million people by 2020. However, at the same time, the effects of the worldwide recession in 2009 have plunged 100 million more Indians into poverty than there were in 2004, increasing the effective poverty rate from 27.5% to 37.2%.

:: Despite this, India is sitting on **unused foreign aid of over ₹100,000 crore** (US\$ 22.2 billion) reflecting inadequate planning by ministries like urban development, water resources and energy, a report by Comptroller and Auditor General of India (CAG) has said. —unutilized committed external assistance was of the order of ₹ 1, 05,339 crore, the CAG said in its report tabled in Parliament in March 2011. In fact, the Indian government has **paid commitment charges** of ₹86.11 crore (US\$ 19.12 million) out of taxpayer-money in the form of penalty for **not timely utilizing the aid** approved by multilateral and bilateral lending agencies.

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PROBLEMS WITH EXISTING OFFICIAL POVERTY LINES

:: The existing all-India rural and urban official poverty lines were originally defined in terms of **Per Capita Total Consumer Expenditure** (PCTE) at 1973-74 market prices and **adjusted over time and across states** for changes in prices keeping unchanged the original 1973-74 rural and urban underlying all-India reference **Poverty Line Baskets** (PLB) of goods and services. These all-India rural and urban PLBs were derived for rural and urban areas separately, anchored in the per capita calorie norms of 2400 (rural) and 2100 (urban) per day.

:: However, they covered the consumption of all the goods and services incorporated in the rural and urban **reference poverty line baskets**. Three major criticisms of these poverty lines have been commonly aired. One, the **consumption patterns** underlying the rural and urban PLBs remained tied down to those observed more than three decades ago in 1973-74 and hence had become outdated. Two, **crude price adjustment** for prices was leading to implausible results such as proportion of total urban population below poverty line being higher than its rural counterpart in certain major states. Three, the earlier poverty lines assumed that **basic social services of health and education** would be supplied by the state and hence, although private expenditure on education and health was covered in the base year 1973-74, no account was taken of either the increase in the proportion of these in total expenditure over time or of their proper representation in available price indices.

CAUSES OF POVERTY IN INDIA

- **Caste system:** Dalits constitute the bulk of poor and unemployed. Casteism is still widespread in rural areas, and continues to segregate Dalits despite the steady rise and empowerment of the Dalits through social reforms and the implementation of reservations in employment and benefits. Caste explanations of poverty, however, fail to account for the urban/rural divide. However, using the **UN definition** of poverty, 65% of **rural forward castes** are below the poverty line.
- **British era: Jawaharlal Nehru** claimed "A significant fact which stands out is that those parts of India which have been longest under British rule are the poorest today." The Indian economy was purposely and severely de-industrialized, especially in the areas of textiles and metal-working, through colonial privatizations, regulations, tariffs on manufactured or refined Indian goods, taxes, and direct seizures.
- **India's economic policies:** In 1947, the **average annual income** in India was US\$ 439, compared with US\$ 619 for China. By 1999, the numbers were US\$ 1,818 and US\$ 3,259 respectively. Thus **India was left far behind due to its economic policies** especially the **License Raj** and the accompanying **red tape** that were required to set up and run business in India. The License Raj was a result of India's decision to have a planned economy, where all aspects of the economy are controlled by the state and licenses were given to a select few. **Corruption** flourished under this system. Up to 80 agencies had to be satisfied before a firm could be granted a license to produce and the state would decide what was produced, how much, at what price and what sources of capital were used.

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- **Over-reliance on agriculture:** There is a surplus of labour in agriculture. While services and industry have grown at double digit figures, agriculture growth rate has dropped from 4.8% to 2%. About 60% of the population depends on agriculture whereas the contribution of agriculture to the GDP is about 18%.
- **High population growth rate**, although demographers generally agree that this is a symptom rather than cause of poverty.
- High **Illiteracy** (about 35% of adult population)
- **Regional inequalities**

CAUSES OF RURAL POVERTY IN INDIA

- Rapid Population Growth & Excessive Population Pressure on Agriculture
- Lack of Capital
- Lack of Alternate Employment Opportunities Other than Agriculture
- Illiteracy & Child Marriage Tradition
- Regional Disparities
- Joint Family System
- Lack of proper implementation of PDS

CAUSES OF URBAN POVERTY INDIA

- Migration of Rural Youth towards Cities
- Lack of Vocational Education / Training
- Limited Job Opportunities of Employment in the Cities
- Rapid increase in Population
- Lack of Housing Facilities
- No proper Implementation of Public Distribution System

LIBERALIZATION POLICIES AND THEIR EFFECTS

:: **75% of poor are in rural India.** There is a viewpoint that holds that the **economic reforms** initiated in the early 1990s are **responsible for the collapse of rural economies and the agrarian crisis** currently underway. P Sainath describes that the **level of** inequality has risen to extraordinary levels, when at the same time; hunger in India has reached its highest level in decades. He also points out that rural economies across India have collapsed, or on the verge of collapse due to the neo-liberal policies of the government of India since the 1990s.

:: The **human cost of the "liberalization"** has been very high. The huge wave of **farm suicides** in Indian rural population from 1997 to 2007 totaled close to 200,000, according to official statistics. Commentators have faulted the policies pursued by the government which, according to Sainath, resulted in a very high portion of rural households getting into the **debt cycle**, resulting in a very high number of farm suicides.

:: Government policies encouraging farmers to **switch to cash crops**, in place of traditional food crops, has resulted in an extraordinary increase in farm input costs, while market forces determined the price of the cash crop. Sainath points out that a disproportionately large number of affected farm suicides have occurred with cash

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crops, because with food crops such as rice, even if the price falls, there is food left to survive on.

:: He also points out that **inequality** has reached one of the highest rates India has ever seen. During the time when **Public investment in agriculture** shrank to 2% of the GDP, the nation suffered the worst agrarian crisis in decades, the same time as India became the nation of **second highest number of dollar billionaires**. Sainath argues that Farm incomes have collapsed. Hunger has grown very fast. Non-farm employment has stagnated. Only the National Rural Employment Guarantee Act has brought some limited relief in recent times. Millions move towards towns and cities where, too, there are few jobs to be found.

SUCCESS OF EFFORTS TO ALLEVIATE POVERTY

Since the early 1950s, government has initiated, sustained, and refined various planning schemes to help the poor attain self sufficiency in food production. Probably the most important initiative has been the **supply of basic commodities**, particularly food at controlled prices, available throughout the country as poor spend about 80 percent of their income on food.

Eradication of poverty in India is generally only considered to be a **long-term goal**. Poverty alleviation is expected to make better progress in the next 50 years than in the past, as a **trickle-down effect of the growing middle class**. Increasing stress on education, reservation of seats in government jobs and the increasing empowerment of women and the economically weaker sections of society, are also expected to contribute to the alleviation of poverty. It is incorrect to say that all poverty reduction programmes have failed. The **growth of the middle class** (which was virtually non-existent when India became a free nation in August 1947) **indicates that economic prosperity** has indeed been very impressive in India, but the distribution of wealth is not at all even.

CONTROVERSY OVER EXTENT OF POVERTY REDUCTION

:: While **total overall poverty in India has declined**, the extent of poverty reduction is often debated. With the rapid economic growth that India is experiencing, it is likely that a significant fraction of the rural population will continue to migrate toward cities, making the issue of urban poverty more significant in the long run.

:: While **absolute poverty** may not have increased India remains at an **abysmal rank in the UN** Human Development Index. India in recent years remained at lowest position in the index compared to last 10 years. It can even be argued that the situation has become worse on **critical indicators of overall well-being** such as the number of people who are **undernourished** (India has the highest number of malnourished people, at 230 million), and the number of malnourished children (43% of India's children under 5 are underweight (BMI<18.5), the highest in the world) as of 2008.

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:: A study by the **McKinsey Global Institute** found that in 1985, 93% of the Indian population lived on a **household income of less than 90,000 rupees a year**, or about a dollar per person per day; by 2005 that proportion had been cut nearly in half, to 54%. More than 103 million people have moved out of desperate poverty in the course of one generation in urban and rural areas as well. They project that if India can achieve 7.3% annual growth over the next 20 years, 465 million more people will be lifted out of poverty. Contrary to popular perceptions, rural India has benefited from this growth: extreme rural poverty has declined from 94% in 1985 to 61% in 2005, and they project that it will drop to 26% by 2025. Report concludes that **India's economic reforms and the increased growth that has resulted have been the most successful anti-poverty programmes in the country.**

Persistence of malnutrition among children

:: The World Bank, citing estimates made by the World Health Organization, states that "About 49% of the world's underweight children, 34% of the world's stunted children and 46% of the world's wasted children, live in India." The World Bank also noted that "while poverty is often the underlying cause of malnutrition in children, the superior economic growth experienced by South Asian countries compared to those in Sub-Saharan Africa, has not translated into superior nutritional status for the South Asian child". A special commission to the **Supreme Court** has noted that the **child malnutrition rate in India is twice as great as sub-Saharan Africa.**

TENDULKAR COMMITTEE REPORT

:: There has been a growing concern on the official estimates of poverty. In view of this, **Planning Commission** set up an expert group under the chairmanship of **Suresh Tendulkar** to examine the issue and suggest a new poverty line and estimates. Following are the salient features of the proposed poverty lines:

- 1 The expert group has also taken a conscious decision to move away from anchoring the poverty lines to a **calorie intake norm** in view of the fact that calorie consumption calculated by converting the consumed quantities in the last 30 days as collected by NSS has not been found to be well correlated with the **nutritional outcomes** observed from other specialized surveys either over time or across space (i.e. between states or rural and urban areas).
- 2 NSSO has decided to shift to **Mixed Reference Period (MRP)** for all its consumption surveys in future, namely, **365-days for low frequency items** (clothing, footwear, durables, education and institutional health expenditure) and 30-days for all the remaining items. This change captures the household consumption expenditure of the poor households on low-frequency items of purchase more satisfactorily than the earlier 30-day recall period. The Expert Group decided to adopt the **MRP-based estimates** of consumption expenditure as the basis for future poverty lines as against previous practice of using **Uniform Reference Period** estimates of consumption expenditure.
- 3 The new poverty lines have been arrived at after assessing the adequacy of **private household expenditure on education and health**, while the earlier calorie-anchored poverty lines did not explicitly account for these.

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- 4 It may be noted that although those near the poverty line in urban areas continue to afford the original **calorie norm** of 2100 per capita per day, their actual observed calorie intake from 61st Round of NSS of is 1776 calories per capita. This actual intake is very close to the revised calorie intake norm of 1770 per capita per day currently recommended for India by the **Food and Agriculture Organization** (FAO). Actual observed calorie intake of those near the new poverty line in rural areas (1999 calories per capita) is higher than the FAO norm.
- 5 Separate allowance for private expenditure on **transport and conveyance** has been made in the recommended poverty lines. For **rent and conveyance**, actual expenditure share for these items were used to adjust the poverty line for each state.

ENTRENCHED FACTORS ASSOCIATED WITH POVERTY

- **Scarcity of basic needs:** Rise in the costs of living makes poor people less able to afford items. Poor people spend a greater portion of their budgets **on food** than richer people. As a result, poor households and those near the poverty threshold can be particularly vulnerable to increases in food prices.
- **Third World debt:** Third World debt plays a large part in international inequality **and poverty**. On average in 1999, \$128 billion was transferred from indebted industrializing countries to debt holding nations for **debt repayments**. The World Bank and the IMF, as primary holders of Third World debt, attach structural adjustment conditionalities to loans. These conditionalities generally push for economic liberalization, including reducing barriers to trade, elimination of state subsidies, Union busting, privatization of state assets and services etc. As a result of such policies, developing countries need to spend a large proportion of their budgets to repay foreign debt.
- **Barriers to opportunities:** lack of economic freedom inhibits entrepreneurship among the poor. New enterprises and foreign investment can be driven away by the results of **inefficient institutions**, notably corruption, weak rule of law and excessive bureaucratic burdens. Lack of financial services, as a result of restrictive regulations, such as the requirements for banking licenses, makes it hard for even smaller micro-savings programs to reach the poor. In India, businesses had to bribe government officials even for routine activities, which were, in effect, a tax on business. **Lack of opportunities** can further be caused by the failure of governments to provide essential infrastructure.
- **Colonial Histories:** One of the most important barriers to development in poor countries is lack of uniform, basic infrastructure, such as roads and means of communication. Some development scholars have identified colonial history as an important contributor to the current situation. In most countries with a history of colonization, the colonizers developed local economies to facilitate the expropriation of resources for their own economic growth and development.
- **Centralization of Power:** In many developing countries, political power is disproportionately centralized. Instead of having a network of political representatives distributed equally throughout society, in centralized systems of governance one major party, politician, or region is responsible for decision-making throughout the country. This often causes development problems. For example, in these situations politicians make decisions about places that they are unfamiliar with,

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lacking sufficient knowledge about the context to design effective and appropriate policies and programs.

- **Corruption:** Corruption often accompanies centralization of power, when leaders are not accountable to those they serve. Most directly, corruption inhibits development when leaders help themselves to money that would otherwise be used for development projects. In other cases, leaders reward political support by providing services to their followers.
- **Warfare:** Warfare contributes to more entrenched poverty by diverting scarce resources from fighting poverty to maintaining a military. Take, for example, the cases of Ethiopia and Eritrea. The most recent conflict over borders between the two countries erupted into war when both countries faced severe food shortages due to drought.
- **Environmental degradation:** Awareness and concern about environmental degradation have grown around the world over the last few decades, and are currently shared by people of different nations, cultures, religions, and social classes. However, the negative impacts of environmental degradation are disproportionately felt by the poor. Throughout the developing world, the poor often rely on natural resources to meet their basic needs through agricultural production and gathering resources essential for household maintenance, such as water, firewood, and wild plants for consumption and medicine. Thus, the depletion and contamination of water sources directly threaten the livelihoods of those who depend on them.
- **Social Inequality:** One of the more entrenched sources of poverty throughout the world is social inequality that stems from cultural ideas about the relative worth of different genders, races, ethnic groups, and social classes. Ascribed inequality works by placing individuals in different social categories at birth, often based on religious, ethnic, or 'racial' characteristics. In South African history, apartheid laws defined a binary caste system that assigned different rights (or lack thereof) and social spaces to Whites and Blacks, using skin color to automatically determine the opportunities available to individuals in each group.

EFFECTS OF POVERTY

:: The effects of poverty may also be causes, thus creating a "**poverty cycle**" operating across multiple levels, individual, local, national and global.

HEALTH

- Hunger, disease, and **less education** describe a person in poverty. One third of deaths - some 18 million people a year or 50,000 per day - are due to **poverty-related causes**: in total 270 million people, most of them women and children, have died as a result of poverty since 1990. Those living in poverty suffer disproportionately from hunger or even starvation and disease. Those living in poverty suffer lower life expectancy.
- According to the World Health Organization, hunger **and** malnutrition are the single gravest threats to the world's public health and malnutrition is by far the biggest contributor to child mortality, present in half of all cases.
- **Women who have born children into poverty** may not be able to nourish the children efficiently and provide adequate care in infancy. The children may also suffer

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from disease that has been passed down to the child through birth. Asthma and rickets are common problems children acquire when born into poverty.

EDUCATION

- There is a high risk of **educational underachievement** for children who are from low-income housing circumstances.
- This often is a process that begins in primary school for some less fortunate children. For children with low resources, the risk factors are similar to excuses such as **juvenile delinquency rates**, higher levels of teenage pregnancy, and the economic dependency upon their low income parent or parents.
- Poverty often **drastically affects children's success in school**. A child's "home activities, preferences, mannerisms" must align with the world and in the cases that they do not these students are at a disadvantage in the school and most importantly the classroom. Children who live at or below the poverty level will have far **less success educationally** than children who live above the poverty line.
- Poor children have a great deal less healthcare and this ultimately results in many absences from the academic year. Additionally, poor children are much more likely to suffer from **hunger, fatigue**, irritability, **headaches**, ear infections, flu, and colds. These illnesses could potentially restrict a child or student's focus and concentration.

HOUSING

- **Slum-dwellers**, who make up a third of the world's urban population, live in poverty no better, if not worse, than rural people, who are the traditional focus of the poverty in the developing world, according to a report by the United Nations.
- Most of the children living in institutions around the world have a surviving parent or close relative, and they most commonly entered orphanages because of poverty.

VIOLENCE

- According to a UN report on modern slavery, the most common form of human **trafficking** is for prostitution, which is largely fueled by poverty.
- In Zimbabwe, a number of girls are turning to **prostitution** for food to survive because of the increasing poverty.
- Also there are also many effects of poverty closer to home. For example after dropping out of school children may turn to violence as a source of income i.e mugging people, betting during street fights etc.

ADDRESSING THE UNDERLYING CAUSES OF POVERTY

:: Building a more widespread commitment to overcoming poverty is an essential first step in overcoming poverty, and actions to address this are discussed below.

- **Share the benefits of economic growth** through an emphasis on more widespread employment: The phenomenon of **jobless economic growth** that increases income inequalities and generates too few jobs for low income groups poses a serious threat to the well-being of many nations, both North and South.

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Government policies should consider not only aggregate economic impact but also the distribution of employment. **Socially responsible venture capital and microcredit initiatives** can foster employment-generating businesses that complement the local culture and environment.

- **Root out corruption**, which harms society as a whole: Corruption, both in government and business, places heavy cost on society. Businesses should enact, publicize and follow codes of conduct banning corruption on the part of their staff and directors. Citizens must **demand greater transparency** on the part of both government and the corporate sector and create reform movements where needed.
- **Broaden access to education and technology** among marginalized groups, and especially among girls and women: The educational attainment of **women** has strong bearing on the well-being of their families, and efforts to improve education for women and girls must be strengthened. At the same time, steps should be taken to ensure that the **current revolution in information technology** benefits marginalized groups. This must begin in school.
- Improve **government capacity to provide universal access** to essential goods and services, including potable water, affordable food, primary health care, education, housing and **other social services**: Governments around the world have made commitments to this through the 20/20 Initiative, which calls for 20% of national budgets and 20% of foreign aid to be spent on human services. But raising adequate resources through effective taxation and other mechanisms is often politically difficult. New mechanisms for **public policy dialogue** that enable citizens of all classes to recognize the benefit of universal access to key services must be put in place. Nonprofit groups and even corporations can provide essential support here, helping articulate a **vision of a healthy society**. These nongovernmental actors can also help in the actual provision of services.
- **Investments in human capital** in the form of health, is needed for economic growth. Nations do not necessarily need wealth to gain health. Cheap water filters and promoting hand washing are some of the most **cost effective health interventions** and can cut deaths from diarrhea and pneumonia. Knowledge on the cost effectiveness of healthcare interventions can be elusive but educational measures to disseminate what works are available, such as the disease control priorities project.
- **Human capital**, in the form of education, is an even more important determinant of economic growth than physical capital. **De-worming children** costs about 50 cents per child per year and reduces non-attendance from anemia, illness and malnutrition and is only a twenty-fifth as expensive to increase school attendance as by constructing schools.
- **Good Infrastructure**, such as roads and information networks, helps market reforms to work. It was the technology of the steam engine that originally began the dramatic decreases in poverty levels. **Cell phone technology** brings the market to poor or rural sections. With necessary information, remote farmers can produce specific crops to sell to the buyers that bring the best price. Such technology also makes **financial services accessible** to the poor. Those in poverty place overwhelming importance on having a safe place to save money, much more so than receiving loans. Also, a large part of microfinance loans are spent on products that would usually be paid by a checking or savings account.

- **Aid in its simplest form is a basic income grant**, a form of social security periodically providing citizens with money. Some aid, such as **Conditional Cash Transfers**, can be rewarded based on desirable actions such as enrolling children in school or receiving vaccinations. Another form of aid is microloans, made famous by the **Grameen Bank**, where small amounts of money are loaned to farmers or villages, mostly women, who can then obtain physical capital to increase their economic rewards. Aid from **non-governmental organizations** may be more effective than governmental aid; this may be because it is better at reaching the poor and better controlled at the grassroots level.
- **Good Institutions**: Efficient institutions that are not corrupt and obey the rule of law make and enforce good laws that provide security to property and businesses. Efficient and fair governments would work to invest in the long-term interests of the nation rather than plunder resources through corruption. Examples of good governance leading to economic development and poverty reduction include Thailand, Taiwan, Malaysia, South Korea, and Vietnam, which tends to have a **strong government**, called a hard state or development state.

CROPPING PATTERNS IN INDIA

Cropping activities go on **all the year-round in India**, provided water is available for crops. In northern India, there are **two distinct seasons**, **kharif** (July to October), and **rabi** (October to March). Crops grown between March and June are known as **zaid**. In some parts of the country, there are **no such distinct seasons**, but there they have their own classification of seasons. The village revenue officials keep plot-wise record of crops grown in each season. These are **annually compiled district-wise, state-wise** and on all-India basis. From these records one could calculate the relative abundance of a **crop or a group of crops in a region**.

These crops are grown sole or mixed (mixed-cropping), or in a **definite sequence** (rotational cropping). The land may be occupied by **one crop** during one season (mono-cropping), or **by two crops** (double-cropping) which may be grown in a year in sequence. Of late, the trend is even more than two crops (multiple-cropping) in a year. These intensive cropping may be done **either in sequence or even there may be relay-cropping-one** crop under-sown in a standing crop. With wide-rowed slow growing cropping patterns, companion crops may be grown.

CROPPING PATTERNS

There are **various ways of utilising the land intensively**. It is proposed to give a synoptic view of cropping patterns prevalent in the country. Before dealing with the cropping patterns, brief descriptions of the **factors that determine the cropping systems** of an individual locality or region are briefly presented here. In any locality, the **prevalent cropping systems** are the cumulative results of **past and present decisions** by individuals, communities or governments and their agencies. These decisions are usually **based on experience, tradition, expected profit, personal preferences and resources**, social and political pressures and so on. The most important element of farming in India is the **production of grains and the dominant food-chain is grainman**. On this basis, the country may be divided broadly into **five agricultural regions**.

1. **The rice region** extending from the eastern part to include a very large part of the northeastern and the south-eastern India, with another strip along the western coast.
2. **The wheat region**, occupying most of the northern, western and central India.
3. **The millet-sorghum region**, comprising Rajasthan, Madhya Pradesh and the Deccan Plateau in the centre of the Indian Peninsula.
4. **The temperate Himalayan region** of Kashmir, Himachal Pradesh and Uttar Pradesh and some adjoining areas. Here potatoes are as important as cereal crops (which are mainly maize and rice), and the tree-fruits form a large part of agricultural production.
5. **The plantation crops region** of Assam and the hills of southern India where good quality tea is produced. There is an important production of high-quality coffee in the hills of the western peninsular India. Rubber is mostly grown in Kerala and parts of Karnataka and Tamil Nadu. There are some large estates, but most of the growers

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would come under the category of small holders. Sugarcane, which in many countries is a plantation crop, is almost entirely grown by small holders in India.

THE PRESENT CROPPING PATTERNS

A broad picture of the **major cropping patterns in India** can be presented by taking the **major crops** into consideration. To begin with, the south-westerly monsoon crops (kharif) are bajra, maize, ragi, groundnut and cotton. Among the post-monsoon crops (rabi) - wheat, sorghum (rabi) and gram, can also be considered to be the base crops for describing the cropping patterns. With such an approach, the **crop occupying the highest%age of the sown area of the region is taken** as the base crop and all other possible alternative crops which are sown in the region either as substitutes of the base crop in the same season or as the crops which **fit in the rotation in the subsequent season**, are considered in the pattern.

Also these crops have been identified as associating themselves with a particular type of agro-climate, and certain other minor crops with similar requirements are **grouped in one category**. For example, **wheat, barley and oats**, are taken as one category. Similarly the minor millets are grouped with sorghum or bajra. Among the kharif crops, rice, jowar, bajra, maize, groundnut and cotton are the prominent crops to be considered the base crops for describing the kharif cropping patterns.

KHARIF SEASON CROPPING PATTERNS

The Rice-Based Cropping Patterns

Rice is grown in the **high-rainfall area** or in areas where supplemental irrigation is available to ensure good yields. If the crop has to depend solely on rainfall, it requires **not less than 30 cm per month** of rainfall over the entire growing period. However, only 10% of the area in the country comes under this category, and it lies in the eastern parts. Nearly 45% of the **total rice area in India receives 30 cm per month** of rainfall during at least two months (July and August) of the south-westerly monsoon and much less during other months.

In contrast to these parts, the **eastern and southern regions** comprising Assam, West Bengal, coastal Orissa, coastal Andhra Pradesh, Karnataka (most part), Tamil Nadu and Kerala receive rainfall of 10 to 20 cm per month in **four to eight consecutive months**, starting earlier or going over later than the south-westerly monsoon months. With supplemental irrigation, **2 or 3 crops are taken in these areas**. However, it has been observed that on an all-India basis, nearly 80% of rice is sown during June-September and the rest during the rest of the season. Area wise the **mono-season belt** occupies >50% of the area (comprising Assam, West Bengal, coastal Orissa, coastal Andhra Pradesh, parts of Tamil Nadu, Karnataka and Kerala).

On an all-India basis, about 30 rice-based cropping patterns have been identified in different states. In the most humid areas of eastern India comprising **Tripura, Manipur and Mizoram, rice is the exclusive crop**. In Meghalaya, rice is alternated with cotton, vegetable and food crops, whereas in **Arunachal Pradesh**, where rice **is not grown** exclusively, the alternative crops being maize, small millets and oilseeds. In parts of Assam, West Bengal, Bihar, Orissa and northern coastal districts

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of Andhra Pradesh, jute forms an important commercial crop alternative to rice. In West Bengal, besides **rice and jute**, **pulses** and **maize** are grown on a limited scale.

In **Bihar**, rice is grown around 50% (5.3 m ha) of its cropped area (15% of all-India area), whereas pulses, wheat, jute, maize, sugarcane and oilseeds are the alternative crops. In **Uttar Pradesh** rice is grown on 20% (4.6 m ha) of its cropped area and represents about 12% of the all-India area under this crop. Rice is concentrated in the **eastern districts of Uttar Pradesh** where the alternative crops are pulses, groundnut, **sugarcane, bajra and jowar** in the decreasing order of their importance. **Tobacco** is grown in some districts.

In **Orissa**, rice is grown on more than 50% of the area, whereas the alternative crops are: pulses, ragi, oilseeds, maize and small millets. In Madhya Pradesh rice is grown in the Chhattisgarh area on 4.3 m ha (12% of the all-India rice area), but the **crop suffers because of inadequate rainfall and irrigation**. The important alternative crops of this area are: small millets, pulses and groundnut. Wheat is also grown on a limited scale.

In the southern states, namely Andhra Pradesh, Tamil Nadu and Kerala **rice is grown in more than one season** and mostly under irrigation or under sufficient rainfall. Together, these three states have over 6.0 m ha, representing over 17% of the all-India area under rice. **Important alternative plantation crops** in Andhra Pradesh are: **pulses, groundnut, jowar, maize, sugarcane and tobacco**. In Karnataka the crops alternative to rice is: **ragi, plantation crops, bajra, cotton, groundnut, jowar and maize**.

In **Kerala** plantation crops and tapioca form the **main plantation crops alternative to rice**. In Maharashtra rice is grown mostly in the Konkan area over 1.3 m ha, along with ragi, pulses, jowar, sugarcane, groundnuts and oilseeds. In other states, namely Gujarat, Jammu and Kashmir, Rajasthan and Himachal Pradesh, **rice forms a minor plantation crop** and is mostly grown with irrigation. However, in Punjab and Haryana and to some extent in western Uttar Pradesh owing to high water-table during this monsoon season, rice has become a major crops in such areas.

The Kharif Cereals Other Than Rice

Maize, jowar and bajra form the main kharif cereals, whereas **ragi and small millets** come next and are grown on a limited area. By and large, **maize** is a crop grown commonly in **high-rainfall areas** or on soils with a better capacity for retaining moisture, but with good drainage. Next comes **jowar** in the **medium rainfall regions** whereas **bajra** has been the main crop in areas with low or less dependable rainfall and on **light textured soils**.

Even though these crops are spread all over the western, northern and southern India, the regions of these crops patterns are demarcated well to the **west of 80° longitude** (except that of maize). **Ragi as a kharif cereal** (2.4 m ha) is mainly concentrated in Karnataka, **Tamil Nadu and Andhra Pradesh** which account for main than 60% of the total area under this crop in India. The cropping patterns based on each of these kharif cereals are discussed.

The Maize-Based Cropping Patterns

The largest area under the kharif maize is in **Uttar Pradesh** (1.5 m ha), followed by **Bihar, Rajasthan, Madhya Pradesh** and **Punjab**. Taking the rainfall of the **maize growing areas** under consideration, over 72% of the areas receive **20-30 cm per month of rainfall** in at least 2 months or more during the south westerly monsoon season. On the all-India basis, about 12 **cropping patterns have been identified**. They have **maize as the base crop**. In the maize growing areas of Uttar Pradesh and Bihar, **rice in kharif** and **wheat in Rabi** are the main alternative crops. In some areas, **bajra, groundnut, sugarcane, ragi and pulses** are taken as alternative crops.

In Rajasthan maize is grown as an **extensive crop** in some areas, whereas at other places, it is replaced by small **millet, pulses, groundnut and wheat (Rabi)** as alternative crop. In **Madhya Pradesh**, mainly the **kharif jowar is replaced by maize**, whereas **rice and groundnut** are also grown to a limited extent. In Punjab maize has **groundnut, fodder crops** and wheat (Rabi) as alternative crops. In other states, e.g. **Gujarat, rice, groundnut, cotton and wheat** form the alternative crops in the maize-growing areas of Himachal Pradesh, whereas in Andhra Pradesh, **rice, kharif jowar, and oilseeds** are grown in these areas.

The Kharif Jowar-Based Cropping Patterns

The area under the kharif jowar **in India is highest in Maharashtra** (2.5 m ha), closely followed by **Madhya Pradesh** (2.3 m ha), whereas in each of the states of **Rajasthan, Andhra Pradesh, Karnataka and Gujarat**, the area under this crops is between 1.0 and 1.4 m ha. **Jowar is mainly grown where rainfall distribution ranges from 10-20 per month** at least for 3 to 4 months of the south-westerly monsoon or is still more abundant. On the all-India basis, **about 17 major cropping patterns** have been identified. In them the base crops is **kharif jowar**. Most of the alternative crops are also of the type which can be grown under medium rainfall.

In Maharashtra **cotton, pulses, groundnut** and **small millets** are sown as **alternative crops**. In the adjacent states of Madhya Pradesh, besides the above alternative crops, wheat and fodder are sown. In Rajasthan **wheat, cotton, bajra and maize** are grown in the kharif-jowar tract, whereas in Andhra Pradesh, groundnuts, cotton, oilseeds and pulses form the main alternative crops. Besides **cotton and groundnut, ragi** is sown in the **kharif-jowar tract of Karnataka**, whereas in Gujarat, bajra, cotton and groundnut are the major alternative crops.

The Bajra-Based Cropping Patterns

Bajra is more **drought-resistant crop** than several other cereal crops and is generally preferred in **low-rainfall areas** and on light soils. The area under the bajra crop in India is about 12 m ha and **Rajasthan** shares about the 2/3 total area. **Maharashtra, Gujarat** and **Uttar Pradesh** together constitute an additional 1/3 area under bajra, in India. Over 2/3rd of this crop is grown in areas receiving **10-20 cm per month of rainfall**, extending over 1 to 4 months of the south- westerly monsoon. On the all-India basis, about 20 major cropping patterns have been identified with bajra.

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However, it may be observed that **jowar and bajra** are grown mostly under identical environmental conditions and both have wide spectrum adaptability in respect of rainfall, temperature and rainfall. Considering the cropping patterns in different states, bajra is **grown along with pulses, groundnut, oilseeds** and **kharif jowar** in Rajasthan. **Gujarat** has a similar cropping pattern in its **bajra areas**, except that cotton and tobacco are also grown. In **Maharashtra** besides having some areas solely under **bajra, pulses, wheat, rabi jowar, groundnut and cotton** are substituted for it. In **Uttar Pradesh, maize, rice and wheat** form the main alternative crops to this crop.

The Groundnut Based Cropping Patterns

Groundnut is sown over an **area of about 7.2 m ha**, mostly in 5 major groundnut-producing states of **Gujarat** (25% area), Andhra Pradesh, Tamil Nadu, Maharashtra and Karnataka. The rainfall in the groundnut **area ranges from 20-30 cm per month** in one of the monsoon months and much less in the other months. In some cases the rainfall is even less than 10 cm per month during the growth of the crop. The **irrigated area** under groundnut is **very small and** that too, in a **few states** only, viz. **Punjab, Tamil Nadu and Andhra Pradesh**.

On the all-India level, **about 9 cropping patterns have been identified** with this crop. In **Gujarat** besides the sole crop of groundnut in some areas, **bajra is the major alternative crop**, whereas the **kharif jowar, cotton and pulses** are also grown in this tract. In **Andhra Pradesh and Tamil Nadu**, this crop receives irrigation in some areas and **rice forms an alternative crop**. Under rain fed conditions, **bajra, kharif jowar, small millets, cotton and pulses** are grown as alternative crops. In Maharashtra both the **kharif and rabi jowar** and **small millets** are important alternative crops. In **Karnataka** also, **jowar** is the major alternative crop, whereas cotton, tobacco, sugarcane and wheat are also grown in this tract.

The Cotton-Based Cropping Patterns

Cotton is grown over **7.6 m ha in India**. **Maharashtra** shares 36%, followed by **Gujarat, Karnataka and Madhya Pradesh**. Together, these 4 states account for about **80% of the area** under cotton. Other cotton-growing states with smaller areas are Punjab, Andhra Pradesh, Tamil Nadu, Haryana and Rajasthan. Most of the cotton areas in the country are under the **high to medium rainfall** zone. The cotton grown in Madhya Pradesh, Maharashtra, Karnataka, and Andhra Pradesh is **rain fed**, whereas in Gujarat and Tamil Nadu, it receives **partial irrigation** (16-20% of the area). The area under **cotton in Punjab, Haryana, Rajasthan and Uttar Pradesh** gets adequate irrigation.

These growing conditions, together with the species of cotton grown, determine the **duration of the crop** which may vary from about 5 to 9 months. On the all-India basis, about **16 broad cropping patterns** have been identified. In **Maharashtra, Madhya Pradesh, Andhra Pradesh and Karnataka**, the cropping patterns in the cotton-growing areas are mostly similar owing to identical rainfall. These patterns include **jowar (kharif and rabi), groundnut and small millets**. Pulses and wheat are also grown in a limited area. In some pockets, where irrigation is available,

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rice and sugarcane are also grown. In **Gujarat**, **rice, tobacco and maize** are grown, besides the rain fed crops, e.g. **jowar and bajra**.

THE RABI SEASON CROPPING PATTERNS

Among the Rabi crops, **wheat, together with barley and oats, jowar and gram, are the main base crops** in the Rabi cropping patterns. Generally, **wheat and gram** are concentrated in the subtropical region in **northern India**, whereas the Rabi **sorghum** is grown mostly in the **Deccan**.

Wheat-and-Gram-Based Cropping Patterns

These two crops are grown under **identical climate** and can often be substituted for each other. The core of the wheat region responsible for 70% of the area and 76% of production comprises **Punjab, Haryana, Delhi, Uttar Pradesh, and Madhya Pradesh**, flanked by **Rajasthan** and **Gujarat** in the western region and **Bihar** and **West Bengal** in the eastern region. This area has an extensive irrigation system. The rainfall during the **south-westerly monsoon** is also fairly high with over **20 cm to 30 cm** of rainfall in at least two out of the **4 months** of the rainy season. However, **winter showers** are scattered and form less than 2.5 cm in each month from November to February.

On the **all-India level**, about **19 cropping patterns** have been identified with wheat and **7 cropping patterns with gram**. In **Uttar Pradesh**, **maize, rice, jowar, small millets** and groundnut form the main crops preceding wheat and gram. Generally, **gram is grown on more moisture-** retentive soils, but with little irrigation or in areas with less of rainfall. In **Madhya Pradesh**, wheat is grown with stored moisture, with little **irrigation** and **rainfall** during the crop period. The crop suffers heavily for want of adequate moisture with the **resultant low yields** (57% of the all-India yield).

The **kharif jowar, groundnut, oilseeds, cotton, small millets** and **fodders** form the alternative crops to wheat and gram. In **Punjab**, 85% of the **wheat** area is under **irrigation** and, therefore, has **rice, maize, fodders, bajra and cotton** as the crops preceding wheat. The area under **gram in Punjab** is very meager. In **Rajasthan**, the **kharif jowar fodders** and bajra precede wheat, **whereas gram** and other **oil seeds** form **alternative crops** in winter. In **Bihar**, **rice, maize and pulses** are the main preceding crops, wheat, in the wheat-growing areas, whereas oilseeds and bajra are also grown as alternative crops.

In **Haryana**, **wheat and gram** are the main alternative crops in winter. **Rice, maize, bajra and jowar** form the main preceding crops. In Maharashtra, most of the wheat crop is grown on **residual moisture, bajra and other small millets** or short-duration pulses form the monsoon crop in the wheat areas. Generally, heavy black cotton soils of **Maharashtra and the adjacent Madhya Pradesh** are left fallow in the kharif season for operational difficulties and **wheat** is grown after the cessation of rains with stored moisture. In **Maharashtra**, the **rabi jowar** is a crop alternative to wheat.

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Rabi Jowar-Based Cropping Patterns

On the all-India level, about **13 cropping patterns** have been identified with the rabi jowar. **Maharashtra** has the **largest number of these cropping patterns**, wherein starting with the exclusive **rabi jowar, bajra, pulses, oilseeds and tobacco** are grown as alternative crops. In **Karnataka**, small millets, groundnut, bajra, pulses and oilseeds form alternative crops to the rabi jowar. **Cotton** and **tobacco** are also grown in some parts of the **rabi-jowar area of Karnataka**. In **Andhra Pradesh**, short duration pulses, **small millets**, paddy and oilseeds form the main alternative crops in the jowar area.

PLANTATION AND OTHER COMMERCIAL CROPS

Crops under this category include **sugarcane, tobacco, potato, jute, tea, coffee, coconut, rubber and other crops**, such as **spices and condiments**. Some of them are **seasonal**, some annual and some perennial. Generally, the areas occupied by them are very limited as compared with food and other crops. Nevertheless, they are important commercially. Most of them require **specific environmental conditions** and from the point of view of cropping patterns, they are concentrated in some particular regions. Besides, **certain horticultural crops**, such as **apple, mango and citrus**, are important.

In several **sugarcane-growing areas, mono-cropping** is practiced, and during the interval between the crops, **short duration seasonal** crops are grown. In U.P., Bihar, Punjab and Haryana, **wheat** and **maize** are the rotation crops. **Rice** is also grown in some areas. In the **southern states**, namely **Tamil Nadu, Karnataka** and **Andhra Pradesh**, ragi, rice and pulses are grown along with sugarcane. In **Maharashtra**, pulses, jowar and cotton are grown.

In the **potato-growing region**, maize, pulses, **wheat** are the **alternative** crops. In the **tobacco growing areas**, depending on the season and the type of tobacco, **jowar, oilseeds and maize** are grown in rotation. In the **jute-growing areas**, rice is the usual alternative crop. In the case of **plantation-crops, intercropping** with pulses and fodder crops is common. Spices and condiments are generally grown on fertile soils. **Chilies are rotated with jowar**, whereas **onion, coriander, turmeric and ginger** are grown as mixed crops with other seasonal crops.

MIXED CROPPING

Crops mixtures are widely grown, especially during the **kharif season**. **Pulses and some oilseeds** are grown with **maize, jowar** and **bajra**. Lowland rice is invariably grown unmixed, but in the case of **upland rice**, several mixtures are prevalent in eastern **Uttar Pradesh**, with **Chotanagpur** Division of **Bihar** and in the **Chhattisgarh** Division of **Madhya Pradesh**.

During the **Rabi season**, especially in the **unirrigated** area of the north, **wheat and barley** and **wheat and gram** or **wheat + barley + gram** are the mixtures of grain crops. **Brassica** and safflower are grown mixed with gram or even with wheat. Mixed cropping was considered by researchers a primitive practice, but now many researchers **regard mixed cropping** as the most efficient way of using land. Several

new mixtures have recently been suggested. They ensure an efficient utilization of **sunshine and land**. Breeders are developing plant types in pulses and oilseeds, with good compatibility with row crops.

CROP COMBINATIONS

The study of crop combinations constitutes an important aspect of agricultural geography. In fact, it provides a good basis for agricultural regionalization and helps in the formulation of **strategy for agricultural development**. Crops are generally grown in combinations and it is rarely that a particular crop occupies a position of total isolation. The distribution maps of and their concentration are interesting and help in knowing the density and concentration of individual crops, but it is even more important to view **the integrated assemblage of the various crops in a region**.

For example, the **demarcation of India into rice or wheat region** does not explain the agriculturally significant fact that very often the wheat/rice region also has mustard, gram, pulses, and maize. For a comprehensive and clear understanding of the agricultural mosaic of a region, **a systematic study of the crop combinations** has great planning significance. The methods applied for the demarcation of crop combination regions may be summed up under two categories:

1. The arbitrary choice method, and
2. The statistical method

In the **arbitrary method**, the **first two or the first three crops** in the area are included and the rest of the crops are excluded from the combination. This is an unscientific method as the crops are excluded from the combination without any consideration of their %age area and their monetary value. The second method is known as the **statistical method**. This method being based on statistical formula is **more scientific and reliable** for the objective grouping of crops. On the basis of some homogeneity and commonness, major crop regions in India may be divided as follows:

1. Rice Region
2. Wheat Region
3. Jowar –Bajra Region
4. Cotton Region
5. Millet and Maize Region
6. Fruit and Spice Region

The Rice Region

Rice is considered as the **first-ranking crop** in the vast region stretching from lower **Gangetic Plain to Brahmaputra** Valley in the east and the **circum-coastal** alluvial tracts of the peninsula region. Rice cultivation is done around Bay of Bengal, barring isolated pockets bordering the Arabian Sea. The **isohyets line 150 cm demarcates** the lower boundary of rice, except in some edges where rice grows even in 100 cm of annual rainfall. Though rice displays overall dominance, considering the secondary importance of other crops, this region may be **subdivided into following zones**:

1. **Rice-Jute-Tea**- This association of crops occurs in farthest east, near Assam Valley and northern West Bengal.

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2. **Rice-Pulses-Millet**s- This association occurs in the western section of the former zone, covering central Bihar, eastern Madhya Pradesh and eastern Uttar Pradesh.
3. **Rice-Millet**s- This zone comprises the entire Andhra Pradesh, south Orissa and some parts of Tamil Nadu.
4. **Rice-Coffee-Spices**- This zone is found in the southern extremity of Kerala and Tamil Nadu.

The Jowar-Bajra Region

This crop combination occurs relatively in **less rainfall region** of 50-100 cm in **red soil region**. As the region is drought-prone, Jowar-Bajra is more popular. Sub-regions in this zone are:

1. Jowar-Cotton in Maharashtra.
2. Jowar-Cotton –Oilseeds-Millet
s in Karnataka and Maharashtra.3. Jowar-Wheat in entire Rajasthan, Haryana and some parts of Uttar Pradesh.
4. Bajra-Jowar-Pulses in Rajasthan desert and semi-desert areas.

The Wheat Region

This region covers the **entire north-western India** including the states of Punjab, Haryana, Uttar Pradesh and Rajasthan. The major sub-regions are:

1. Wheat-Maize-Sugar Cane- This region comprises a great part of wheat region, covering West Uttar Pradesh, Himachal Pradesh and Jammu.
2. Wheat-Jowar-Bajra- in Indus Plain covering Punjab and Haryana.
3. Wheat-Jowar-Bajra- in Vindhyan scarp land and Malwa Bundelkhand plateau.

The Cotton Region

In the **black cotton soil** as regur region in the North West India, cotton cultivation predominates. The cotton cultivation covers the **Deccan trap region** and Gujarat Plain. The Narmada, Tapti, Purna, Sabarmati River valleys are basically heartlands of cotton cultivation. As a cash-crop, cotton cultivation is always associated with one foodgrain cultivation, preferably Jowar, Bajra or oil seeds. The different sub-regions are:

1. Cotton-Jowar-Bajra-Grows in close association with one another in the Maharashtra and Western Madhya Pradesh.
2. Cotton-Oilseeds-Combination developed in Gujarat.
3. Cotton-Pulses-Rice-Region developed in Narmada banks and eastern Gujarat.

The Millet-Maize Region

The cultivation of millet, maize and ragi are found in close association with other major cereals like bajra, wheat, rice etc. Maize cultivation dominates in Rajasthan, Gujarat, and Madhya Pradesh. In Himachal Pradesh, Maize-Barley-Wheat combination has developed, particularly in the foothills of the Himalayas. Some parts of the Aravalli have the peculiar crop combination of Maize-Cotton-Oilseeds-Millets-Wheat. Ragi cultivation predominates in South of Karnataka.

The Fruit & Spice Region

This is the **smallest region** among the different crop regions. **High-altitude hilly areas** come under the territory of this region. The „**Duns**“ and **valleys** in Himalayas, foothills of Nilgiri, Annamalai, Palni and Cardamom hills in Tamil Nadu and Kerala may be classified as fruit and spice region. Here, the dominant agricultural activity is fruit orchards and plantations.

DIVERSIFICATION OF CROPPING PATTERNS IN INDIA

The Cropping Patterns in India underwent **several changes with the advent of modern agricultural technology**, especially during the period of the Green Revolution in the late sixties and early seventies. There is a continuous surge for **diversified agriculture** in terms of crops, primarily on **economic considerations**. The crop pattern changes, however, are the outcome of the interactive effect of many factors which can be broadly categorized into the **following 5 groups**:

- a. **Resource related** factors covering irrigation, rainfall and soil fertility.
- b. **Technology related** factors covering not only seed, fertilizer, and water technologies but also those related to marketing, storage and processing.
- c. **Household related** factors covering food and fodder self-sufficiency requirement as well as investment capacity.
- d. **Price related** factors covering output and input prices as well as trade policies and other economic policies that affect these prices either directly or indirectly.
- e. **Institutional and infrastructure related** factors covering farm size and tenancy arrangements, research, extension and marketing systems and government regulatory policies.

These factors are **not watertight but inter-related**. For instance, the **adoption of crop technologies** is influenced not only by resource related factors but also by institutional and infrastructure factors. Similarly, **government policies - both supportive and regulatory in nature** - affect both the input and output prices. Likewise, special government programmes also affect area allocation and crop composition. More importantly, both the **economic liberalization policies** as well as the **globalization process** are also exerting strong pressures on the area allocation decision of farmers, essentially through their impact on the relative prices of inputs and outputs.

Although the factors that **influence the area allocation decision** of farmers are all important, they obviously differ in terms of the relative importance both across farm groups and resource regions. While factors such as **food and fodder self-sufficiency, farm size, and investment constraints** are important in influencing the area allocation pattern among smaller farms, larger farmers with an ability to **circumvent resources** constraints usually go more by **economic considerations** based on relative crop **prices** than by other **non-economic considerations**. Similarly, economic factors play a **relatively stronger** role in influencing the crop pattern in areas with a better irrigation and infrastructure potential. In such areas, **commercialization** and **market networks co-evolve** to make the farmers more dynamic and **highly responsive** to economic impulses.

CHANGES IN CROPPING PATTERNS

What is most notable is the change in the **relative importance of these factors** over time. From a much generalized perspective, Indian agriculture is increasingly getting **influenced more and more by economic factors**. This need not be surprising because **irrigation expansion, infrastructure development, penetration of rural markets**, development and spread of **short duration and drought resistant crop technologies** have all contributed to minimizing the role of non-economic factors in crop choice of even small farmers.

What is more, the **reform initiatives** undertaken in the context of the ongoing **agricultural liberalization and globalization** policies are also going to further strengthen the role of **price related economic incentives** in determining crop composition both at the micro and macro levels. Obviously, such a **changing economic environment** will also ensure that government price and trade policies will become still more powerful instruments for directing area **allocation decisions of farmers**, aligning thereby the **crop pattern changes** in line with the changing demand-supply conditions.

In a condition where **agricultural growth results** more from productivity improvement than from area expansion, the increasing role that **price related economic incentives play in crop** choice can also pave the way for the next stage of agricultural evolution where growth originates more and more from value-added production. The major change in cropping pattern that has been observed in India is a **substantial area shift from cereals to non-cereals**. Although cereals gained a marginal increase in area share in the first decade of the Green Revolution; their area and share has declined gradually thereafter.

Between 1966 and 1996, 3.35% of the gross cultivated area (GCA) – representing approximately about 5.7 million hectares (m/ha) - has **shifted from cereal crops to non-cereal crops**. Since the **area share of pulses** taken as a group also declined by 1.5% during the same period, the area share of food grains as a group declined by 5% during 1966-97. In area terms, the shift from **food grains to non-food grains** involves an approximate area of about 8 m ha. While **cereals and pulses** have lost area, the major gainers of this area **shift are the non-food grain crops** especially oilseeds. **Although the share of cereals as a group has declined**, the area share of rice has increased continuously over all the four periods.

Wheat, although having a declining area share until 1986/87, also gained in its share when the entire period is considered. Thus, the area loss of cereals can be attributed entirely to the **declining area share of coarse cereals, especially sorghum, pearl millet, barely and small millets**. It can be noted that even within coarse cereals, the area share of maize shows a **marginal improvement** over the years. Within oilseeds, the crops showing steady improvement in their area share are: rapeseed and mustard, soybean and sunflower.

Among these **3 oilseeds gaining in area share**, rapeseed and mustard are substantially grown as intercrops with wheat. On the other hand, the area shares of other oilseeds including groundnut (that has a dominant area share within oilseeds) but excluding **coconut, which** is more a **plantation crop than field crop, have either**

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fluctuated or declined. The area share of groundnut, though improved during the last period, has **declined as** compared to its share in the **pre-Green Revolution period.**

But, the **declining area share of crops** - especially those with only a marginal change in their area share - need not necessarily imply a **decline in the actual area** under these crops. Since the **Gross Cropped Area (GCA)** is constantly increasing over time, partly through an expansion of net sown areas as in the initial stages of the **Green Revolution** and partly through increasing **intensity of cropping** mainly by irrigation expansion, the declining area share **can coincide** with an increase in absolute increase in the area under crops. Although the **increase in the area share of other commercial crops is not as dramatic** as that of **oilseeds**, it is still notable because of its implications for the direction of Indian agriculture.

But, among these other **commercial crops that cover fibers, spices, fruits and vegetables, and other field crops** such as tobacco and sugar cane and plantation crops, **only spices, fruits and vegetables show a steady improvement** in their area shares, whereas others show mostly a **declining trend**. This is particularly true for fibers and other field crops that have over four fifths of the total area under the broad group of other commercial crops. However, **sugar cane, included in the category of other field crops, shows an increase in** its area share. This is also true for **cotton** included in the **fiber category**. While all **spice crops** show a gradual increase in their area share, **only 3 of the 6 crops** included in the fruits and vegetables category show a gain in their area share over the years. These crops are **banana, potato and onion.**

ETHICS: INTRODUCTION

Ethics is a **set of standards that society places on itself** and which help **guide behaviour, choices and actions**. Standards do not, by themselves, ensure ethical behaviour; that requires a robust culture of integrity. The crux of ethical behaviour does not lie in bold words and expressions enshrined as standards, but in their **adoption in action, in sanctions against their violations**, in putting in place competent disciplinary bodies to investigate allegations of violations and impose sanctions quickly and in promoting a culture of integrity.

Corruption is an important manifestation of the failure of ethics. It is unfortunate that corruption has, for many, become a matter of habit, ranging from grand corruption involving persons in high places to retail corruption touching the everyday life of common people. Corruption is **so deeply entrenched** in the system that most people regard corruption as inevitable and any effort to fight it as futile.

There are **two, somewhat contrary, approaches** in dealing with corruption and abuse of office. The **first** is **overemphasis on values and character**. Many people lament the decline in values and the consequent rise in corruption. The implicit assumption is that until values are restored, nothing much can be done to improve the conduct of human beings. The **second** approach is based on the belief that **most human beings are fundamentally decent** and socially conscious, but there are always a small proportion of people, which cannot reconcile individual goals with the good of society. Such deviant people tend to pursue personal gain at the cost of public good and the purpose of organized government is to **punish such deviant behaviour**. If good behaviour is consistently rewarded and bad behaviour consistently punished, the bulk of the people follow the straight and narrow path.

In the real world, **both values and institutions matter**. Values are needed to serve as guiding stars, and they exist in abundance in our society. A **sense of right and wrong** is intrinsic to our culture and civilization. But values need to be sustained by institutions to be durable and to serve as an example to others. **Values without institutional support** will soon be weakened and dissipated. Institutions provide the container, which gives shape and content to values.

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While **incentives and institutions matter for all people**, they are critical in dealing with the army of public servants – elected or appointed – endowed with authority to make decisions and impact on human lives and exercising the power to determine allocation of resources. **Public office and control over public purse** offer enormous temptation and opportunity to promote private gain at public cost. Therefore, creation of institutions and designing of incentives are of utmost importance in promoting ethical conduct of public servants.

In our society, corruption and abuse of office has been aggravated by three factors. First, there is a **colonial legacy of unchallenged authority and propensity to exercise power arbitrarily**. In a society which worships power, it is easy for public officials to deviate from ethical conduct. Second, there is **enormous asymmetry of power** in our society. Nearly 90% of our people are in the unorganized sector. Quite a number of them lead a precarious existence. And nearly 70% of the organized workers with job security and regular monthly wage are employed by the state directly or through public sector undertakings. Almost all these employees are ‘educated’ in a largely illiterate and semiliterate society. Such **asymmetry of power reduces societal pressure to conform to ethical behaviour** and makes it easy to indulge in corruption.

Third, as a conscious choice, the Indian state in the early decades after Independence chose a **set of policies whose unintended consequence was to put the citizen at the mercy of the State**. Over regulation, severe restrictions on economic activity, excessive state control, **near-monopoly of the government** in many sectors and an economy of scarcity all created conditions conducive to unbridled corruption. In addition, many state subsidies and beneficiary-oriented programmes in a situation of asymmetry of power converted the public servant into patron and master.

It is generally recognized that **monopoly and discretion increase the propensity to corruption**, while competition and transparency reduce corruption. This has been dramatically witnessed in India in the wake of economic liberalization. As competition came in and choice expanded, corruption plummeted. Similarly, wherever technology and transparency have been introduced, corruption has been significantly contained. **Computerization and access to information have made** many services from railway reservation to issuing of driving licenses increasingly **free from corruption**.

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A factor **which increases corruption is over-centralization**. The more remotely power is exercised from the people, the greater is the distance between authority and accountability. The large number of functionaries between the citizen and final decision-makers makes accountability diffused and the temptation to abuse authority strong. For a large democracy, India probably has the smallest number of final decision makers. Local Government is not allowed to take root and **power has been concentrated both horizontally and vertically in a few hands**. The net results are weakened citizenry and mounting corruption.

It is well recognized that every **democracy requires the empowerment of citizens** in order to hold those in authority to account. **Right to Information**, effective **citizens' charters**, opportunity and incentives to promote proactive approach of citizens, **stake-holders' involvement in delivery of public services**, **public consultation in decision making** and **social auditing** are some of the instruments of accountability that dramatically curbed corruption and promoted integrity and quality of decision making.

In the ultimate analysis, the state and a system of laws exist in order to enforce compliance and promote desirable behaviour. Therefore, **enforcement of rule of law and deterrent punishment against corruption** are critical to build an ethically sound society.

Perhaps the most important determinant of the integrity of a society or the prevalence of corruption is the quality of politics. If politics attracts and rewards men and women of integrity, competence and passion for public good, then the society is safe and integrity is maintained. But if **honesty is incompatible with survival in politics**, and if public life attracts undesirable and corrupt elements seeking private gain, then abuse of authority and corruption become the norm. In such a political culture and climate, desirable initiatives will not yield Ethics in Governance adequate dividends. Competition and decentralization certainly reduce corruption in certain sectors.

But if the **demand for corruption is fuelled by inexhaustible appetite for illegitimate funds in politics**, then other avenues of corruption will be forcibly opened up. As a result, even as corruption declines in certain areas, it shifts to other, sometimes more dangerous, areas in which competition cannot be introduced and the state exercises a natural monopoly. What is needed with liberalisation is corresponding political and governance reform to alter the incentives in politics and public office and to promote integrity and ethical conduct.

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All forms of corruption are reprehensible and we need to promote a culture of zero-tolerance of corruption. In a vast majority of cases of bribery, the citizen is a victim of extortion and is compelled to pay a bribe in order to get a service to which he is entitled. Experience has taught most citizens that there is a **vicious cycle of corruption operating and they often end up losing much more by resisting corruption**. Delays, harassment, lost opportunity, loss of precious time and wages, uncertainty and, at times, potential danger of loss of life or limb could result from resistance to corruption and non-compliance with demands. In such cases, the **citizen is an unwilling victim of coercive corruption**.

But there are **several cases of collusion between the bribe giver and corrupt public servant**. In such cases of collusive corruption, both parties benefit at immense cost to society. Awarding of contracts for public works and procurement of goods and services, recruitment of employees, evasion of taxes, substandard projects, collusive violation of regulations, adulteration of foods and drugs, obstruction of justice and concealing or doctoring evidence in investigation are all examples of such dangerous forms of corruption. **As the economy is freed from state controls, extortionary corruption declines and collusive corruption tends to increase**. We need to fashion strong and effective instruments to deal with this growing menace of collusive corruption, which is undermining the very foundations of our democracy and endangering society.

Corruption is a global phenomenon and has also become a serious global concern. The **United Nations Convention against Corruption was adopted by the UN General Assembly in October 2003**, providing an international instrument against corruption. The ADBOECD Anti-Corruption Action Plan, which has been signed by the Government of India, is a broad understanding to further the cause of inter-regional cooperation in the matter of prevention of corruption. The **World Bank has also declared war against corruption** by refusing to fund projects whose implementation is tainted by corrupt practices. At the annual meeting of the International Monetary Fund and the World Bank Group in Singapore in 2006, a joint statement was issued with major multilateral financial institutions agreeing on a framework for preventing and combating fraud and corruption in the activities and operations of their institutions.

In India, some recent anti-corruption initiatives are steps in the right direction. The **Supreme Court has ruled that candidates contesting elections should file details regarding their wealth, educational qualifications and criminal antecedents** along with their nomination papers. The Right to Information

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Act, which has recently been enacted, is a potent weapon to fight corruption. The introduction of information communication technologies, e-governance initiatives and automation of corruption prone processes in administration have succeeded in reducing corruption.

Ethics in governance, however, has a much wider import than what happens in the different arms of the government. An across-the-board effort is needed to fight deviations from ethical norms. Such an effort needs to include corporate ethics and ethics in business; in fact, **there should be a paradigm shift from the pejorative „business ethics“ to „ethics in business“**. There is need for ethics in every profession, voluntary organization and civil society structure as these entities are now vitally involved in the process of governance. Finally, there should be ethics in citizen behaviour because such behaviour impinges directly on ethics in government and administration.

ETHICAL FRAMEWORK

ETHICS AND POLITICS

While **it is unrealistic and simplistic to expect perfection in politics in an ethically imperfect environment**, there is no denying the fact that the standards set in politics profoundly influence those in other aspects of governance. Those in politics have a clear and onerous responsibility. India was fortunate that **high standards of ethical conduct** were an integral part of the freedom struggle. Unfortunately, ethical capital started getting eroded after the **transfer of power**.

Excesses in elections (in campaign-funding, use of illegitimate money, quantum of expenditure, imperfect electoral rolls, impersonation, booth-capturing, violence, inducements and intimidation), floor-crossing after elections to get into power and abuse of power in public office became major afflictions of the political process over the years.

Participation of criminals in the electoral process is the soft underbelly of our political system. The growth of crime and violence in society is due to a number of **root causes**. Flagrant violation of laws, poor quality of services and the corruption in them, protection for law-breakers on political, group, class, communal or caste grounds, partisan interference in investigation of crimes and poor prosecution of cases, **inordinate delays lasting over years and high costs in the judicial process**, mass withdrawal of cases, indiscriminate grant of parole, etc., are the more important of the causes.

The criminal who, paradoxically, is able to ensure speedy justice in some cases becomes almost a —welcome character. On his part, the criminal builds on this —acceptance and is emboldened to enter politics and elections. As for **political parties**, such individuals bring into the electoral process, their ability to secure votes through **use of money and muscle power**. To the extent that it did, it led to a situation when the Election Commission formally stated that one in **6 legislators** in India faced grave criminal charges.

Large, illegal and illegitimate expenditure in elections is another root cause of corruption. While there are formal limits to expenditure and some steps

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have been put in place in an attempt to check them, in reality, actual expenditure is alleged to be far higher. This results in „**unavoidable**“ and **ubiquitous corruption** altering the nature of political and administrative power and undermining trust and democracy. **Cleansing elections** is the most important route to improve ethical standards in politics, to curb corruption and rectify maladministration.

ISSUES IN POLITICAL REFORMS

Despite the measures taken, improvements are marginal in the case of important problems of criminalization, the **use of money in elections**, subtle forms of inducements and patronage in the form of chairmanships and memberships of public units and the anomaly of legislators functioning as disguised executives. More effective steps have, therefore, been suggested.

1. Reform of Political Funding: In India, one of the sources of funding of political parties has been through **private donations**. Internationally, there are **3 broad patterns of state funding** for political parties and elections. **One** is the **minimalist pattern**, wherein elections alone are partially subsidized usually through specific grants or state rendered services. Candidates are accountable to the public authority for observance, reporting and disclosure of expenditure for the limited election period. The **UK, Ireland, Australia, New Zealand and Canada** are examples of this pattern, while the US is a variant of the same with election funding being largely private and subjected to strict reporting and disclosure requirements as well as limits on contributions.

The **second, maximalist pattern of state funding** involves public funding not merely for elections but even for other party activities, as in Sweden and Germany. This pattern involves less detailed regulation of contributions and expenditure because parties are dependent largely on state support and local requirements enforce internal democracy as well as **general transparency**. In between, there are a variety of mixed patterns involving partial reimbursement for public funding of elections on a matching grant basis such as in **France, Netherlands and South Korea**.

While the **Representation of the People Act** puts limits on election expenditure, company donations to political party were banned in 1969 but later allowed by an amendment of the Companies Act in 1985. The **Dinesh Goswami Committee on Electoral Reforms set up in 1990** recommended limited support,

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in kind, for vehicle fuel, hire charges of microphones, etc., while simultaneously recommending a ban on company donations. Another Committee, the **Indrajit Gupta Committee** on State Funding of Elections has recommended **partial state-funding mainly in kind**. However, the **National Committee for** Review of the Constitution has expressed the view that until better regulatory mechanism for political parties can be developed in India, state funding of elections should be deferred.

Parliament in 2003 unanimously enacted the Election and Other Related Laws (Amendment) Act in a spirit of bipartisanship. The Act contains the following key provisions:

- **Full tax exemption** to individuals and corporates on all contributions to political parties.
- **Expenditure by third parties and political parties** now comes under ceiling limits, and only travel expenditure of leaders of parties is exempt.
- **Disclosure of party finances** and contributions over Rs. 20, 000.
- **Indirect public funding** to candidates of recognized parties including free supply of electoral rolls, and such items as the Election Commission decides in consultation with the union government.
- **Equitable sharing of time** by the recognized political parties on the cable television network and other electronic media (public and private).

:: **2nd ARC** recommended that a system for **partial state funding** should be introduced in order to reduce the scope of illegitimate and unnecessary funding of expenditure for elections.

2. Tightening of anti-defection law: Defection has long been a malaise of Indian political life. The anti-defection legislation that was enacted to combat this malaise, fixed a certain number above which defection in a group was permitted. **Legalizing such selective defection however, provided opportunities for transgressing political ethics and opportunism.** There is no doubt that permitting defection in any form or context is a travesty of ethics in politics.

The **91st Amendment** to the Constitution was enacted in 2003 to tighten the anti- defection provisions of the **10th Schedule**, enacted earlier in 1985. This Amendment makes it mandatory for all those switching political sides– whether singly or in groups – to resign their legislative membership. They now have to **seek re-election if they defect and cannot continue in office by engineering a „split“ of one-third of members**, or in the guise of a „continuing split of a party“.

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The Amendment also bars legislators from holding, post-defection, any office of profit. This Amendment has thus made defections virtually impossible and is an important step forward in cleansing politics.

The Election Commission has recommended that the question of **disqualification** of members on the ground of defection should also be **decided by the President/Governor** on the advice of the Election Commission.

- 3. Disqualification:** There are candidates who face **grave criminal charges** like murder, abduction, rape and dacoity, unrelated to political agitations. In such cases, there is need for a fair reconciliation between the candidate's right to contest and the community's right to good representation. In the present situation, on balance, in cases of persons facing grave criminal charges framed by a trial court after a preliminary enquiry, disallowing them to represent the people in legislatures **until they are cleared of charges** seems to be a fair and prudent course. But care must be exercised to ensure that **no political vendetta** is involved in such charges and people facing charges related to political agitations are not victimized. The Election Commission has suggested that as a **precaution against motivated cases**, it may be provided that only cases filed **6 months** before an election would lead to such disqualification.
- 4. False Declarations:** The Election Commission has recommended that **all false declarations** before the Returning Officer, Electoral Officer, Chief Electoral Officer or the Election Commission should be made **an electoral offence**.

COALITION AND ETHICS

The phenomenon of **coalition politics has emerged as a strong presence** in the Indian polity in recent years. The very diversity and complexity of the Indian electorate and our vibrant democracy has made this a familiar aspect of our electoral process. The ethics of coalition government is, however, seriously strained when the coalition partners change partnerships mid-stream and new coalitions are formed, primarily driven by opportunism and craving for power in utter disregard of the common minimum programme agreed to for the **realization of the goal of socio-economic development**.

The **common programme**, which has been explicitly mandated by the electorate prior to the election, or implicitly after the election but before the formation of

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the government, becomes non-existent, and the power given by the people is abused. To maintain the will of the people, it is necessary to lay down an **ethical framework to ensure that such exercises in opportunism, through redrawing of coalitions** between elections, do not take place.

The Constitution should be amended to ensure that if one or more parties in a coalition with a **common programme mandated by the electorate** either explicitly before the elections or implicitly while forming the government, **realign midstream** with one or more parties outside the coalition, then Members of that party or parties shall have to **seek a fresh mandate** from the electorate.

APPOINTMENT OF THE CHIEF ELECTION COMMISSIONER/ COMMISSIONERS

The present procedure of appointment of the Chief Election Commissioner and other Election Commissioners is laid down in **Article 324** of the Constitution and stipulates that they are to be appointed by President on the **advice of Prime Minister**.

During debates in the Constituent Assembly on the procedure for appointment, there were suggestions that the person appointed as the Chief Election Commissioner should enjoy the confidence of all parties and therefore his appointment should be confirmed by a **2/3 majority of both the Houses**.

In recent times, for **statutory bodies** such as the NHRC and CVC, appointment of Chairperson and Members are made on the recommendations of a broad based Committee. Given the far reaching importance and critical role of the Election Commission in the working of our democracy, it would certainly be appropriate if a **similar collegium** is constituted **for selection of the Chief Election Commissioner** and the Election Commissioners.

A collegium should be headed by the **Prime Minister** with the **Speaker of the Lok Sabha**, the **Leader of Opposition in the Lok Sabha**, **Law Minister and the Deputy Chairman** of the Rajya Sabha as members should make recommendations for the consideration of the President for appointment of the Chief Election Commissioner and the Election Commissioners.

EXPEDITING DISPOSAL OF ELECTION PETITIONS

Election petitions in India are at present to be filed in the **High Court**. Under the Representation of the People Act, such petitions should be **disposed of within a period of 6 months**. In actual practice however, such petitions remain pending for years. **Special Election Tribunals** should be constituted at the regional level under **Article 323B** of the Constitution to ensure speedy disposal of election petitions and disputes within a stipulated period of 6 months.

GROUNDINGS OF DISQUALIFICATION FOR MEMBERSHIP

Article 102 of the Constitution provides for disqualification for membership of either House of Parliament under certain specific circumstances. Parliament has also been authorized to pass a law to include any further conditions for such disqualification. So far, **no such law** has been enacted. Appropriate legislation may be enacted under Article 102 of the Constitution spelling out the **conditions for disqualification of membership of Parliament in an exhaustive** manner.

RECENT IMPROVEMENTS

Despite all the flaws in the functioning of a democracy, it has a measure of self correction. As stated earlier, significant efforts have been made over the last two decades to bring about **meaningful electoral reforms**. Some have observed that the **past decade has seen more political reform in India than in any other large democracy** after the Second World War. Briefly stated, the more important of the reforms relate to:

- 1. Improvement in Accuracy of Electoral Rolls:** The Election Commission has made efforts to make **voter registration more accessible** to voters. Printed electoral rolls/CDs have been made available for sale. **Computerization of entire electoral rolls** of over 620 million voters has been initiated. The provision of **photo-identity cards** for all voters has been started. Studies by civil society organizations like **Loksatta** have shown considerable improvement and reduction in errors in electoral rolls between 1999 and 2004.
- 2. Disclosure of Antecedents of Candidates:** The Supreme Court has directed that a **candidate should declare any conviction** by a court or whether a criminal case is pending against him. The direction to file a **declaration of assets and liabilities** of

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the candidate and family members would enable a check at the time of the next elections.

- 3. Disqualification of Persons Convicted of Criminal Offence:** The Supreme Court ruled in 2005 that **Section 8(4) of the Representation of the People Act was unconstitutional** as it violated equality before law. Now all convicted candidates stand at an election on the same footing, whether at the time of conviction they were incumbent legislators or not.
- 4. Enforcement of the Code of Conduct:** Using its over-all powers to –superintend, control and direct elections under Article 324 of the Constitution, the **Election Commission has made the Code of Conduct for elections binding in all respects**, issuing directions regarding timings of campaigns, prohibition of festoons/cutouts, insistence on daily expenditure statements, appointment of a large number of observers, ordering of re-poll in specific polling booths and other such steps.
- 5. Free and fearless polling:** Policing arrangements have been improved, including **greater use of Central Forces** and holding of **elections for more than one day in a State**, and measures like sealing of borders, etc. **Electronic voting machines** have been introduced throughout the country.
- 6. Reduction in size of Council of Ministers:** A recommendation to **restrict the size to 10%** was made by the **first ARC** more than three decades ago. The **91st Amendment Act, 2003** restricts the size of the Council of Ministers to 15% of the strength of the Lower House in Parliament/State legislature.

ETHICS IN PUBLIC LIFE

Ethics is grounded in the notion of responsibility and accountability. In democracy, every holder of public office is **accountable ultimately to the people**. Such accountability is enforced through a system of laws and rules. Ethics provides the basis for the creation of such laws and rules.

The fundamental principle in a democracy is that all persons holding authority derive it from the people; in other words, **all public functionaries are trustees of the people**. The trusteeship relationship between the public and the officials requires that the authority entrusted to the officials be exercised in the best interest of the people or in ‘public interest’.

The **role of ethics in public life has many dimensions**. Any framework of ethical behavior must include the following elements:

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- a. Codifying ethical norms and practices.
- b. Disclosing personal interest to avoid conflict between public interest and personal gain.
- c. Creating a mechanism for enforcing the relevant codes.
- d. Providing norms for qualifying and disqualifying a public functionary from office.

A system of laws and rules, however elaborate, cannot provide for all situations. It is no doubt **desirable, and perhaps possible, to govern the conduct of those who occupy positions in the lower echelons and exercise limited or no discretion**. But the higher the echelon in public service, the greater is the ambit of discretion. And it is difficult to provide for a system of laws and rules that can comprehensively cover and regulate the exercise of discretion in high places.

One of the most comprehensive statements of what constitutes ethical standards for holders of public office came from the **Committee on Standards in Public Life in the United Kingdom** outlined the following 7 principles of public life:

- 1. Selflessness:** Holders of public office should take decisions solely in terms of public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or their friends.
- 2. Integrity:** Holders of public office should not place themselves under any financial or other obligation to outside individuals or organizations that might influence them in the performance of their official duties.
- 3. Objectivity:** In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- 4. Accountability:** Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- 5. Openness:** Holders of public office should be as open as possible about all the decisions and actions they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
- 6. Honesty:** Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
- 7. Leadership:** Holders of public office should promote and support these principles by leadership and example.

INTERNATIONAL APPROACH

By its Resolution of 2003, the General Assembly adopted the **United Nations Convention against Corruption. Article 8** of the Resolution states:

CODES OF CONDUCT FOR PUBLIC OFFICIALS

1. In order to fight corruption, each State Party shall promote, inter alia, **integrity, honesty and responsibility** among its public officials, in accordance with the fundamental principles of its legal system.
2. In particular, each State Party shall endeavor to apply, within its own institutional and legal systems, **codes or standards of conduct for the correct, honourable and proper performance** of public functions.
3. For the purposes of implementing the provisions of this article, each State Party shall, where appropriate and in accordance with the fundamental principles of its legal system, take note of the relevant initiatives of regional, interregional and multilateral organizations, such as the **International Code of Conduct for Public Officials**.
4. Each State Party shall also consider, in accordance with the fundamental principles of its domestic law, establishing measures and systems to facilitate the **reporting by public officials of acts of corruption to appropriate authorities**, when such acts come to their notice in the performance of their functions.
5. Each State Party shall endeavor, where appropriate and in accordance with the fundamental principles of its domestic law, to establish measures and systems requiring public officials to make declarations to appropriate authorities regarding, inter alia, their **outside activities, employment, investments, assets and substantial gifts or benefits** from which a conflict of interest may result with respect to their functions as public officials.
6. Each State Party shall consider taking, in accordance with the fundamental principles of its domestic law, disciplinary or other measures against public officials who violate the codes or standards established in accordance with this article.¶

Various countries have, from time to time, addressed the issue of prescribing a **Code of conduct in Belize**; the Code of Conduct for public functionaries is prescribed in the Constitution itself.

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CODE OF GOOD GOVERNANCE OF SPAIN

It is necessary for public authorities to offer citizens an undertaking that all the senior officers must satisfy not only the obligations laid down by law, but, in addition, their **conduct must be inspired and be guided by principles of ethics and good conduct** which have not yet been expressly stated in the regulations – although they are no doubt implicit – and which offer a code of good governance....

Members of the Government and the senior officers of the General State Administration shall carry out their activities in accordance with the following principles of ethics and good conduct developed in this Code: **objectivity, integrity, neutrality, responsibility, credibility, impartiality, confidentiality, dedication to public service, transparency, exemplary conduct, austerity, accessibility, efficiency, honesty and promotion of the cultural and environmental environment and of equality between the sexes....**

Any person who is privileged to guide the destiny of the people **must not only be ethical but must be seen to practice these ethical values**. Although all citizens are subject to the laws of the land, in the case of public servants there must be standards of behaviour more stringent than those for an ordinary citizen. It is at the interface of public action and private interest that the need arises for establishing not just a code of ethics but a code of conduct. A code of ethics would cover broad guiding principles of good behaviour and governance while a more specific code of conduct should, in a precise and unambiguous manner, stipulate a list of acceptable and unacceptable behaviour and action.

ETHICAL FRAMEWORK FOR MINISTERS

In **Canada, the Guide for Ministers (2006)** sets out core Principles regarding the role and responsibilities of Ministers. It outlines standards of conduct expected of Ministers as well as addressing a range of administrative, procedural and institutional matters. In **UK, the Ministerial Code** provides guidance to Ministers on how they should act and arrange their affairs in order to uphold these standards.

Government of India has prescribed a **Code of Conduct which is applicable to Ministers** of both the Union and State Governments. In addition to the observance of the provisions of the Constitution, the **Representation of the People**

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Act, 1951, and any other law for the time being in force, the Code of Conduct merits reproduction here.

1. a person **before taking office as a Minister**, shall:
 - a. Disclose to the Prime Minister, or the Chief Minister, as the case may be, details of the **assets and liabilities**, and of business interests, of himself and of members of his family. The details to be disclosed shall consist of particulars of all immovable property and the total approximate value of (i) shares and debentures, (ii) cash holdings and (iii) jewellery;
 - b. **sever all connections**, short of divesting himself of the ownership, with the conduct and management of any business in which he was interested before his appointment as Minister; and
 - c. with regard to a business concern which supplies goods or services to the Government concerned or to undertakings of that Government or whose business primarily depends on licenses, permits, quotas, leases, etc., received or to be received from the Government concerned, **divest himself of all his interests in the said business** and also of the management thereof.

2. **After taking office**, and so long as he remains in office, the **Minister shall**:
 - a. **furnish annually by the 31st March** to the Prime Minister, or the Chief Minister, as the case may be, a declaration regarding his assets and liabilities;
 - b. refrain from **buying from or selling to**, the Government any immovable property except where such property is compulsorily acquired by the Government in usual course;
 - c. refrain from starting, **or joining, any business**;
 - d. ensure that the **members of his family** do not start, or participate in, business concerns, engaged in supplying goods or services to that Government (excepting in the usual course of trade or business and at standard or market rates) or dependent primarily on grant of licenses, permits, quotas, leases, etc., from that Government; and
 - e. **report the matter to the Prime Minister**, or the Chief Minister as the case may be, if any member of his family sets up, or joins in the conduct and management of, any other business.

3. **No Minister should**: Personally, or through a member of his family, **accept contribution** for any purpose, whether political, charitable or otherwise, or, **Associate himself with the raising of funds** except for the benefit of (i) a

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registered society, or a charitable body, or an institution recognised by a public authority and (ii) a political party.

4. A Minister should **not permit their spouse and dependents to accept employment** under a Foreign Government, in India or abroad, or in a foreign organisation (including commercial concerns) without prior approval of the Prime Minister.
5. **A Minister should not accept valuable gifts** except from close relatives, and he or members of his family should not accept any gifts at all from any person with whom he may have official dealings; and
6. A **Minister may receive gifts** when he goes abroad or from foreign dignitaries in India. Such gifts fall into two categories. The first category will include gifts, which are of symbolic nature, like a sword of honour, ceremonial robes etc. and which can be retained by the recipients. The second category of gifts would be those which are not of symbolic nature. If its value is less than Rs. 5,000/- it can be retained by the Minister.
7. **A Minister should** while on **official tour**, as far as practicable, stay in accommodation belonging to himself or maintained by Government and avoid attending, as far as possible, **ostentatious or lavish parties** given in his honour.
8. The authority for ensuring the observance of the Code of Conduct will be the **Prime Minister** in the case of Union Ministers, the Prime Minister and the Union Home Minister in the case of **Chief Ministers**, and the Chief Minister concerned in the case of State Ministers.

The Code of Conduct is a starting point for ensuring good conduct by Ministers. However, it is not comprehensive in its coverage and is more in the nature of a list of prohibitions; it does not amount to a Code of Ethics. It is therefore necessary that in addition to the Code of Conduct, there should be a **Code of Ethics to provide guidance on how Ministers should uphold the highest standards** of constitutional and ethical conduct in the performance of their duties.

- a. Ministers must uphold the **highest ethical standards**;
- b. Ministers must uphold the principle of **collective responsibility**;
- c. Ministers have a duty to Parliament to account, and be held to account, for the policies, decisions and actions of their departments and agencies;
- d. Ministers must ensure that no conflict arises, between their public duties and their private interests;

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- e. Ministers in the Lok Sabha must **keep separate their roles as Minister and constituency member**;
- f. Ministers must **not use government resources** for party or political purposes;
- g. Ministers must uphold the **political impartiality** of the Civil Service and not ask civil servants to act in any way, which would conflict with the duties and responsibilities of civil servants;
- h. Ministers must ensure that public moneys are used with **utmost economy and care**;
- i. Ministers must function in such a manner as to **serve as instruments of good governance**.
- j. Ministers must act objectively, impartially, honestly, equitably, diligently and in a **fair and just manner**.

Dedicated units should be set up in the offices of the Prime Minister and the Chief Ministers of the states to monitor the observance of the Code of Conduct. The Code of Conduct for Ministers, duly amplified, should be put in the public domain as some other countries have done.

As **coalition politics** has become the order of the day it is particularly appropriate to ensure that the ministers from the **coalition partners** both at the Centre and the State **also adhere to the Code of Ethics/Conduct** and the Prime Minister and the Chief Ministers are duty bound to put violation of these Codes in public domain.

The **Prime Minister or the Chief Minister should be duty bound to ensure the observance of the Code of Ethics and the Code of Conduct** by Ministers. This would be applicable even in the case of coalition governments where the Ministers may belong to different parties. The Code of Ethics should inter alia include broad principles of the **Minister-civil servant relationship** and the Code of Conduct should stipulate the details as illustrated above.

ETHICAL FRAMEWORK FOR LEGISLATORS

EXPERIENCE IN OTHER COUNTRIES

Among the four pillars of an ideal democratic structure, the legislature has the most important position. This demands that the requirement of ethical standards for the executive must be preceded by an equally **emphatic requirement of ethical standards for legislators**.

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The **US Constitution**, grants broad authority to Congress to discipline its Members. In 1964, the Senate created the **Senate Select Committee on Standards and Conduct**. In 1968, the Senate adopted its first official code of conduct. The Senate Code of Conduct regulates financial disclosures, gifts, travel reimbursements, conflicting interests, post employment restrictions, employment practices etc.

The **UK House of Commons** adopted the present **Code of Conduct for its Members 1995**. The purpose of this Code of Conduct is to assist Members in the discharge of their obligations to the House, their constituents and the public at large by providing guidance on the standards of conduct expected of Members in discharging their parliamentary and public duties.

COMMITTEE ON ETHICS OF THE RAJYA SABHA

The **Committee on Ethics was first constituted by the Chairman of the House on 1997**. It dealt with matters such as values in public life, criminalization of politics and electoral reforms. It suggested a framework for a Code of Conduct for Members of the Rajya Sabha. The following is the **existing framework** of the Code of Conduct for **Members of the Rajya Sabha**:

- a. Members must **not do anything that brings disrepute** to the Parliament and affects their credibility.
- b. Members must utilize their position as Members of Parliament to **advance general wellbeing** of the people.
- c. In their dealings if Members find that there is a **conflict between their personal interests and the public trust**, which they hold, they should resolve such a conflict in a manner that their private interests are subordinated to the duty of their public office.
- d. Members should **never expect or accept any fee, remuneration or benefit** for a vote given or not given by them on the floor of the House, for introducing a Bill, for moving a resolution, putting a question or abstaining from asking a question or participating in the deliberations of the House or a Parliamentary Committee.
- e. Members should **not take a gift, which may interfere with honest and impartial discharge of their official duties**. They may, however, accept incidental gifts or inexpensive mementoes and customary hospitality.
- f. Members holding public offices should **use public resources** in such a manner as may lead to public good.

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- g. If Members are in possession of confidential information owing to their being Members of Parliament or Members of Parliamentary Committees, they should **not disclose such information** for advancing their personal interests.
- h. Members are expected to maintain **high standards of morality, dignity, decency** and values in public life.

COMMITTEE ON ETHICS OF THE LOK SABHA

There is a Committee on Ethics of the Lok Sabha to oversee the moral and ethical conduct of Members of that House. Apart from the existing norms, the Committee recommended that the members should abide by the **general ethical principles** similar to those of Rajya Sabha.

Only a **few State Legislatures** such as Andhra Pradesh, Orissa etc. have adopted Codes of Conduct for their Legislators. A Resolution was unanimously adopted at the „**All India Conference of Presiding Officers, held 2001**. The Resolution included adoption of a Code of Conduct for Legislators. It was also recommended that Ethics Committees be constituted in all Legislatures where these have not already been constituted for enforcing the Code of Conduct.

DISCLOSURE OF INTEREST

One way of avoiding conflict between public and private interest is through **disclosure of one's interest**. This by itself cannot resolve the conflict of interest but is a good first step as it acknowledges the possibility of such a conflict. Legislatures in different countries have adopted different approaches to this issue.

The rules of the **US Congress and the Australian and Canadian Parliaments** do not allow a legislator to vote if they have a direct pecuniary interest. In **India**, disclosure of interest is **provided in both Houses of Parliament**, a Member having a personal pecuniary or direct interest on a matter before the House is required, while taking part in the proceedings in that matter, to declare the nature of interest.

The **Rules of Procedure and Conduct of Business in the Lok Sabha** prescribe that if the vote of a Member in a division in the House is challenged on grounds of personal, pecuniary or direct interest in the matter to be decided, the Speaker may examine the issue and decide whether the vote of the Member should be disallowed or not and his decision shall be final.

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REGISTER OF INTERESTS

A specific mechanism for **disclosure of private interests** is maintenance of a 'Register of Interests'. Legislators are expected to record in the register all their interests periodically. In order to make the system practical, the **types of interest**, which require disclosure, are prescribed. A closely related mechanism is declaration of the assets and liabilities of the members at regular intervals.

The **Committee on Ethics of the Rajya Sabha** recommended that to start with the following interests of Members should be entered in the Register:

- 1) Remunerative Directorship;
- 2) Regular Remunerated Activity;
- 3) Shareholding of Controlling Nature;
- 4) Paid Consultancy; and
- 5) Professional Engagement

FILING ASSETS AND LIABILITIES STATEMENT

The Representation of the People Act, 1951, has been **amended by the Representation of the People (Third Amendment) Act, 2002** which stipulates that every elected candidate for a House of Parliament or the Legislature of the State, shall, within ninety days from the date on which he/she makes and subscribes an oath or affirmation, files the details of his/her assets/liabilities to the Chairman of the Council of State or the Legislative Council, or the Speaker of Lok Sabha or the Legislative Assemblies as the case may be.

From the above it is evident that both Houses of Parliament have provided for Codes of Conduct and also norms for **disclosure of interest and declaration of assets and liabilities** of their Members. The Committees on Ethics of both the Lok Sabha and the Rajya Sabha have been mandated to oversee the moral and ethical conduct of members.

ENFORCEMENT OF ETHICAL NORMS IN LEGISLATURES

In India, both Houses of Parliament have on occasions acted firmly against violation of ethical principles. As early as **in 1951**, an ad hoc Committee of the House was appointed by the Provisional Parliament to investigate into the conduct of **Shri H G Mudgal**. The Committee came to the conclusion that Shri Mudgal's conduct in accepting

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money and other benefits **from the Bombay Bullion Association for extending certain favours** to them in Parliament was derogatory to the dignity of the House and inconsistent with the expected standards of behaviour.

In **December 2005**, allegations of improper conduct, made in **news telecasts of the „Aaj Tak“** television channel, regarding the acceptance of money by ten Members of the Lok Sabha for asking questions or raising other matters in the House, were enquired into by an **Enquiry Committee of the House**. The Committee came to the conclusion that the conduct of the said Members was unbecoming of a Member of Parliament and also unethical. The Committee recommended the **expulsion of the Members from the House**, a proposal that was accepted by the House.

Rules of Procedure and Conduct of Business in the Observations made by Pandit Jawahar Lal Nehru, India's first Prime Minister while speaking on the motion for **expulsion of Shri H D Mudgal on 24 September, 1951** Council of States' stipulate that the Committee on Ethics would oversee the moral and ethical conduct of Members and examine cases concerning the alleged breach of the Code of Conduct by Members as also cases concerning allegations of any other ethical misconduct of members. The Committee may also take up matters suo motu. If, upon enquiry, it is **found that a Member has indulged in unethical behaviour** or that there is other misconduct or that the Member has contravened the Code/Rules, the Committee may recommend the imposition of an appropriate sanction.

While the enunciation of ethical values and codes of conduct puts moral pressure on public functionaries, they need to be backed by an effective monitoring and enforcement regime. Legislatures the world over have adopted different models for this purpose. The **Canadian Ethics Commissioner** oversees the Code and provides advice. The Ethics Commissioner is an Officer of Parliament. The Commissioner reports on the inquiries he conducts pursuant to the Members' Code and makes annual reports to the House of Commons on his activities in relation to its Members.

Overseeing the maintenance and monitoring the **operation of the Register of Members' Interests**.

Providing advice on a confidential basis to individual Members and to the Select Committee on Standards and Privileges about the **interpretation of the Code of Conduct** and Guide to the Rules relating to the Conduct of Members.

Preparing **guidance and providing training** for Members on matters of conduct, propriety and ethics.

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Monitoring the operation of the Code of Conduct and Guide to the Rules and, where appropriate, **proposing possible modifications** of it to the Committee.

Receiving and investigating complaints about Members who are allegedly in breach of the Code of Conduct and Guide to the Rules, and reporting his findings to the Committee.

The constitution of the **Office of Parliamentary Commissioner for Standards** has helped the House by bringing greater transparency in matters relating to ethical standards. It has also helped the Members by providing them timely advice in matters relating to the Code of Conduct.

Recommendations of 2nd ARC

- a. An Office of „**Ethics Commissioner**“ may be constituted by each House of Parliament. This Office, functioning **under the Speaker/Chairman**, would assist the Committee on Ethics in the discharge of its functions, and advise Members, when required, and maintain necessary records.
- b. In respect of States:
 - 1) All State legislatures may adopt a **Code of Ethics and a Code of Conduct** for their Members.
 - 2) Ethics Committees may be constituted with well defined **procedures for sanctions** in case of transgressions, to ensure the ethical conduct of legislators.
 - 3) **Registers of Members’ Interests**“ may be maintained with the declaration of interests by Members of the State legislatures.
 - 4) Annual Reports providing **details including transgressions** may be placed on the Table of the respective Houses.
 - 5) An Office of ‘Ethics Commissioner’ may be constituted by each House of the State legislatures. This Office would function under the Speaker/Chairman, on the same basis as suggested for Parliament.

OFFICE OF PROFIT

The Constitution of India lays down that legislators would be **disqualified** for being chosen as, and for being, a member of the legislature **if they were to hold any office of profit under the government** other than an office declared by the legislature by law not to disqualify its holder. The underlying idea was to obviate a conflict of interest between the duties of office and their legislative functions.

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The executive and legislature are fused in our system. But in countries **like Britain and Germany, such fusion is not**, by and large, leading to corruption or patronage. That is because a political form different and hostile interests; which interests each must maintain, as an agent and culture has been evolved, in which public office is an advocate, against other agents and advocates; means for promoting social good and not for private but parliament is a deliberative assembly of one or family gain. **In our case, public office is perceived to be an extension of one's property.** That is why, public offices are a source of huge corruption and a means of extending patronage.

Given this proclivity and the compulsions under which any government functions, there is need to re-examine the definition of office of profit. **Articles 102 and 191** of the Constitution relating to office of profit have been violated in spirit over the years even when the letter is adhered to.

Often, the crude **criterion applied is whether or not the office carries a remuneration.** The Supreme Court's clarification about the appointment and removal being in the hands of the executive branch of government does not help either, because many appointments made may be in advisory capacities.

Nor do the existing norms apply to Local Area Development Schemes under which legislators are empowered to sanction public works and authorize expenditure of funds granted under **MPLADs and MLALADs schemes.** These schemes do seriously **erode the notion of separation of powers**, as the legislator directly becomes the executive.

(MPLADs) distorted the MPs' role in the federal system and diverted funds which should have actually gone to agencies like the Panchayati Raj institutions. Apart from infringing on the rights of the local governments, the **most serious objection to the scheme is the conflict of interest** that arises when legislators take up executive roles.

Therefore it seems necessary to sharply define office of profit to ensure clearer separation of powers. It is **necessary to sharply distinguish executive functions and exercise of executive authority while defining office of profit**, irrespective of whether such a role or office carries remuneration and perks. The Supreme Court has held that members of legislatures are public servants under the Prevention of Corruption Act.

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Recommendations of 2nd ARC:

- a. The Law should be **amended to define office of profit based on the following principles:**
 1. All offices in **purely advisory bodies where the experience, insights and expertise** of a legislator would be inputs in governmental policy, shall not be treated as offices of profit, irrespective of the remuneration and perks associated with such an office.
 2. All offices **involving executive decision making and control of public funds**, including positions on the governing boards of public undertakings and statutory and non-statutory authorities directly deciding policy or managing institutions or authorizing or approving expenditure **shall be treated as offices of profit**, and no legislator shall hold such offices.
 3. If a **serving Minister, by virtue of office, is a member or head of certain organizations** like the Planning Commission, where close coordination and integration between the Council of Ministers and the organization or authority or committee is vital for the day-to-day functioning of government, it shall not be treated as office of profit.
- b. Schemes such as MPLADS and MLALADS should be **abolished**.
- c. Members of Parliament and Members of State Legislatures should be **declared as „Public Authorities“** under the Right to Information Act, except when they are discharging legislative functions.

CODE OF ETHICS FOR CIVIL SERVANTS

The inculcation of values facilitating the subordination of the self to a larger, societal good, and engendering a spirit of empathy for those in need of ameliorative state interventions are not skills which could be easily imbibed after joining the civil services. Such attitudes need nurturing over not merely individual life-times, but through successive generations - **the „right“ ethos takes long to evolve.**

Nevertheless, it must be accepted that our civil service system has a tradition of attitudes and achievements which sets examples to be emulated by current and prospective civil servants. It must also be accepted that the existing framework for maintaining and promoting the norms of 'right conduct' cannot be enforced through a rigid mindless enforcement of laws and rules. It is all a question of striking the right

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balance. Within the civil services there are **formal, enforceable codes setting out norms of expected behaviour with „sanctions“** prescribed for unacceptable departures from such norms.

The **current set of „enforceable norms“** are **„Conduct Rules“**, typified by the **Central Civil Services (Conduct) Rules - 1964** and analogous rules applicable to members of the All India Services or employees of various State Governments. Specific acts were proscribed from time to time through notifications under the Fundamental Rules and the Civil Service Regulations. Some examples are the disapproval of habitual lending and indiscriminate borrowing (1869), and the banning of various actions – accepting gifts (1876), buying and selling property (1881), making commercial investments (1885), promoting companies (1885) and accepting commercial employment after retirement (1920).

The breach of such prohibitions entailed punitive actions like removal from service. There were, of course, **provisions like „illegal gratification“ or bribery** - Sections 161 to 165 of the IPC - or **„criminal breach of trust by a public servant“** - Section 409 IPC - which provide for terms of imprisonment. In 1947, with the enactment of the Prevention of Corruption Act, a new set of offences was also created.

These **rules have subsequently been updated to include additional norms of behaviour**. Some of the additions are: the requirement of observing courtesy, prohibiting demanding and accepting dowry, prohibiting sexual harassment of women employees, and, recently, prohibition to employ children below 14 years of age as domestic help. This is understandably **a continuing process**, and reflects the changing, often increasing expectations of society, from the civil services.

There is **no Code of Ethics prescribed for civil servants in India** although such codes exist in other countries. What we have **in India are several Conduct Rules**, which prohibit a set of common activities. In this context, conflict of interest is an important area which should be adequately addressed in these codes. It is necessary to build safeguards to prevent conflict of interest. A **draft „Public Service Bill“** seeks to lay down a number of generic expectations from civil servants, which are referred to as **values**. The **salient „values“ envisaged in the Bill** are:

Allegiance to the various **ideals enshrined in the preamble** to the Constitution
Apolitical functioning

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Good governance for betterment of the people to be the primary goal of civil service.

Duty to act objectively and impartially.

Accountability and transparency in decision-making.

Maintenance of **highest ethical standards**.

Merit to be the criteria in selection of civil servants consistent, however, with the cultural, ethnic and other diversities of the nation.

Ensuring **economy and avoidance of wastage** in expenditure.

Provision of healthy and congenial work environment.

Communication, **consultation and cooperation** in performance of functions i.e. participation of all levels of personnel in management.

The draft Bill also envisages a **Public Service Code and a Public Service Management Code** laying down more specific duties and responsibilities. Violation of the Code would invite punishments akin to the current major and minor penalties by the heads of institutions/ organizations. A „**Public Service Authority**“ is also envisaged to **oversee implementation** of the Code and values indicated above and to render advice in the matter of the values and the Code.

After the **73rd and the 74th Amendments** of the Constitution, the local bodies now have an important role to play in the nation's development and have major executive powers. It is essential that the need for **relevant codes for these bodies** and their employees, and for any public authority, is recognized.

In 1999, the Government of Australia enacted the **Australian Public Service Act**, which prescribes a set of Public Service Values. These **are not merely aspirational statements of intent**, but all employees are expected to uphold these values and comply with the Code, even as senior executives are expected to promote these values. Interestingly, the **Public Service Commissioner** is authorized to evaluate the extent to which agencies incorporate and uphold the values, and the adequacy of the systems and procedures required to ensure compliance with the Code. He has both statutory powers and policy responsibilities.

In India, „**Public Service Values**“ towards which all public servants should aspire, should be **defined and made applicable to all tiers** of Government and parastatal organizations. Any transgression of these values should be treated as misconduct, inviting punishment.

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Conflict of interest should be comprehensively covered in the Code of Ethics and in the Code of Conduct for officers. Also, **servicing officials should not be nominated on the Boards of Public undertakings**. This will, however, not apply to non-profit public institutions and advisory bodies.

THE SEVEN SOCIAL SINS

The Seven Social Sins, as quoted by **Mahatma Gandhi** in "Young India," 1925

1. Politics without principles
2. Wealth without work
3. Leisure without conscience.
4. Knowledge without character
5. Commerce without morality
6. Science without humanity
7. Worship without sacrifice

CODE OF ETHICS FOR REGULATORS

The **prescription and enforcement of Codes of Conduct for different sections of society is generally through internal regulatory mechanisms**. Guilds are the oldest example of such a mechanism. A guild was an association of persons of the same trade or pursuits, formed to protect mutual interests and maintain standards. With the emergence of competition and industrialization, guilds have, more or less, ceased to exist. The Medical Council has made regulations relating to the Professional Conduct – „**Etiquette and Ethics for Registered Medical Practitioners**“.

The **Advocates Act, 1961** incorporates the functions of the Bar Council of India, which include laying down standards of professional conduct and etiquette for advocates. The **Chartered Accountants Act, 1949** stipulates the creation of the Institute of Chartered Accountants of India for regulation of the profession of chartered accountancy in India.

Act also set out the acceptable forms of behaviour of members of the profession. The Press Council of India functions under the **Press Council Act, 1978**. It adjudicates the complaints against and by the press for violation of ethics and for violation of the freedom of the press respectively. The Institution of Engineers has prescribed a „**Code of Ethics for Corporate Members**.“

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In spite of the existence of a plethora of Codes of Conduct for almost all important professions, it is often pointed out that adherence to ethical norms has been generally unsatisfactory. **Decline in ethical values in the professions** has adversely impacted on the governance of the country and is an important reason for increasing corruption in public life.

A **comprehensive and enforceable Code of Conduct** should be prescribed for all professions, with statutory backing.

ETHICAL FRAMEWORK FOR THE JUDICIARY

Independence of the judiciary is inextricably linked with judicial ethics. An **independent judiciary** enjoying public confidence **is a basic necessity of the rule of law**. Any conduct on the part of a judge, which demonstrates a lack of integrity and dignity, will undermine the trust reposed in the judiciary by the citizens. The conduct of a judge should, therefore, always be above reproach.

In the United States, **Federal Judges abide by the Code of Conduct for United States Judges**, a set of ethical principles and guidelines. The Code of Conduct provides guidance for judges on issues of judicial integrity and independence, judicial diligence and impartiality, permissible extra-judicial activities, and the avoidance of impropriety or even its appearance. In Canada, there is no written Code of Conduct for federally appointed judges but, **various documents published by the Canadian Judicial Council** over the years describe the ethical standards to which judges aspire.

The **Supreme Court of India in 1997** unanimously adopted a charter called the „**Restatement of Values of Judicial Life**“, generally known as the Code of Conduct for judges. It reads as under:

- a. **Justice must not merely be done but it must also be seen to be done.** The behaviour and conduct of members of the higher judiciary must reaffirm the people's faith in the impartiality of the judiciary. Accordingly, any act of a Judge of the Supreme Court or a High Court, whether in official or personal capacity, which erodes the credibility of this perception has to be avoided.
- b. **Close association with individual members of the Bar**, particularly those who practise in the same court, shall be eschewed.

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- c. A Judge should **not permit any member of his immediate family**, if a member of the Bar, to appear before him or even be associated in any manner with a cause to be dealt with by him.
- d. A Judge should practise a **degree of aloofness** consistent with the dignity of his office.
- e. A Judge shall not hear and decide a matter in which a member of his family, a close relation or a friend is concerned.
- f. A **Judge shall not enter into public debate or express his views in public on political matters** or on matters that are pending or are likely to arise for judicial determination.
- g. A Judge is expected to **let his judgments speak for themselves**. He shall not give interviews to the media.
- h. A Judge shall **not accept gifts or hospitality except from his family**, close relations and friends.
- i. A Judge shall not hear and decide a matter in which a company in which he holds shares is concerned unless he has disclosed his interest and no objection to his hearing and deciding the matter is raised.
- j. A Judge should **not engage directly or indirectly in trade or business**, either by himself or in association with any other person.
- k. Every Judge must, at all times, **be conscious that he is under the public gaze** and there should be no act or omission by him which is unbecoming of the high office he occupies and the public esteem in which that office is held.

The **following two Resolutions** were also adopted in the said **Full Court Meeting of the Supreme Court of India**:

—RESOLVED that an in-house procedure should be devised by the Hon'ble Chief Justice of India to take suitable remedial action against Judges who by their acts of omission or commission **do not follow the universally accepted values of judicial life** including those indicated in the -Restatement of Values of Judicial Life.

RESOLVED FURTHER THAT every Judge should make a **declaration of all his/her assets** in the form of real estate or investments within a reasonable time of assuming office and in the case of sitting Judges within a reasonable time of adoption of this Resolution and thereafter whenever any acquisition of a substantial nature is made, it shall be disclosed within a reasonable time.

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The **Restatement of Values of Judicial Life** is a **comprehensive but not exhaustive** code of ethics. As stated earlier, mere prescription of a Code of Conduct is not an end in itself. Along with the Code of Conduct, a mechanism for enforcing the code needs to be evolved. It would be desirable to designate a senior Judge of the Supreme Court as the „**Judicial Values Commissioner**“. The Judicial Values Commissioner should be empowered to enquire into cases of violation of the Code of Conduct and report the matter to the Chief Justice of India for taking action. The need for an effective mechanism for the enforcement of judicial accountability cannot be overemphasized.

In **India**, neither the executive nor the legislature has much say in who is appointed to the Supreme Court or the High Courts. The **current system of appointments is not open to public scrutiny** and thus lacks accountability and transparency.

A closely related aspect of the accountability of judges is the mechanism for removal of judges for deviant behaviour. Other than **impeachment under Articles 124(4) and 217(1)**, there is no mechanism to proceed against any inappropriate behaviour or misdemeanour of judges. However, the impeachment provisions have turned out to be impracticable as it is virtually impossible to initiate any impeachment proceedings, let alone successfully conclude them.

The National Commission to Review the Working of the Constitution recommended the constitution of a **National Judicial Commission** which would have the effective participation of both the executive and the judicial wings of the State —as an integrated scheme for the machinery for appointment of judges.

The Government introduced the Constitution **(Ninety-eighth Amendment) Bill in the Lok Sabha in 2003**. The Bill also proposed to empower the National Judicial Commission to draw up a code of ethics for judges, and to inquire into cases of misconduct of a judge. This Bill could not be passed.

The **Judges" (Inquiry) Bill, 2006** seeks to establish a **National Judicial Council** to undertake preliminary investigations and enquiring into allegations of misbehaviour and incapacity of a Judge of the Supreme Court or High Court. It further provides that the Council, issue a code of conduct containing guidelines for the conduct and behaviour for judges. The Bill also provides that every judge at the time of appointment and annually thereafter, shall give **intimation of his assets and**

liabilities to the Chief Justice of India or the Chief Justice of the High Court as the case may be. It has been provided that any person may make a complaint in writing involving any allegation of misbehaviour or incapacity in respect of a judge to the Council.

The impeachment process worked satisfactorily in the US. But the **failure of the impeachment process in India**, as well as the inability of the system to address serious questions of probity in the judiciary necessitate a revised, transparent, accountable and a bipartisan process for enquiry into judicial misconduct and removal of judges. It is therefore sought that-

- a. The **National Judicial Council** should be authorized to lay down the **Code of Conduct for judges**, including the subordinate judiciary.
- b. The National Judicial Council should be entrusted with the task of recommending **appointments of Supreme Court and High Court Judges**. It should also be entrusted the task of oversight of the judges, and should be empowered to enquire into alleged misconduct and impose minor penalties. It can also recommend removal of a judge if so warranted.
- c. Based on the recommendations of the NJC, the President should have the powers to **remove a Supreme Court or High Court Judge**.
- d. A Judge of the Supreme Court should be designated as the **Judicial Values Commissioner**. He/she should be assigned the task of enforcing the code of conduct. Similar arrangement should also be made in the High Court.

E-GOVERNANCE IN INDIA - I

NEW VISTA IN INFORMATION SHARING & TRANSPARENCY

Reinventing government has been a dominant theme since 1990s, wherein governments world over are attempting to improve the systems of public service delivery. Rapid strides made in the field of **Information and Communication Technology (ICT)** have facilitated the reinvention of governments and prepared them to serve the needs of a diverse society. The information age has **redefined the fundamentals and transformed the institutions and mechanisms** of service delivery forever.

The vision is the **articulation of a desire to transform the way government functions and the way it relates to its constituents**. The concept of electronic governance, popularly called e-governance, is derived from this concern. Democracies in the world share a vision of the day when e-governance will become a way of life. India has been at the forefront of the IT revolution and has had its effect on the public administration systems. In fact, if the potential of ICTs are harnessed properly, it has a lot of opportunities, especially, in the social and economic growth of the developing world.

CONCEPT OF E-GOVERNANCE

E-governance is the application of ICT to the processes of government functioning for good governance. In other words, e-governance is the public sector's use of ICTs with the aim to **improve information and service delivery**, encourage citizen participation in decision-making and make government more accountable, transparent and efficient. E-governance goes far beyond mere **computerization of standalone back office operations**. It implies fundamental changes in government operations; new set of responsibilities for legislature, executive, judiciary & citizens.

According to the **Comptroller and Auditor General, UK**, e-governance means providing public access to information via the internet by government departments and their agencies. So in essence, e-governance is the application of ICT in government functioning to bring in **SMART** governance implying: simple, moral, accountable, responsive and transparent governance.

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- 1. Simple**- meaning simplification of rules, regulations and processes of government through the use of ICT and thereby providing for a user-friendly government
- 2. Moral**- connoting emergence of an entirely new system of ethical values in the political and administrative machinery. Technology interventions improve the efficiency of anticorruption agencies, police, judiciary, etc.
- 3. Accountable**- facilitating design, development and implementation of effective Management Information System and performance measurement mechanisms and thereby ensuring accountability of public service functionaries.
- 4. Responsive** streamlining processes to speed up service delivery; make system more responsive
- 5. Transparent**-bringing information hitherto confined in the government documents to the public domain and making processes and functions transparent, which in turn would bring equity and rule of law in responses of the administrative agencies.

SMART governance, thus, helps in

- improving the **internal organisational processes** of governments;
- providing **better information and service delivery**;
- increasing **government transparency** in order to reduce corruption;
- reinforcing **political credibility and accountability**; and
- Promoting **democratic practices through public participation** and consultation.

STAGES OF E-GOVERNANCE

- **Simple information dissemination** (one-way communication)- is considered as the most basic form, as it is used for merely disseminating information;
- **Two-way communication** (request and response)- is characterised with e-mail system and information and data-transfer technologies in the form of website;
- **Service and financial transactions**- is online services and financial transactions leading to web based self-services;
- **Integration** (both vertical and horizontal)- in this stage the government would attempt inter and intra-governmental integration; and
- **Political participation**- this stage means online voting, online public forums and opinion surveys for more direct and wider interaction with the government.

Another classification of e-governance has **six stages** of which the first two are similar to that of the above classification. The remaining four are:

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- **Third stage-** refers to multi-purpose portals, which allow customers to use a single point of entry to send and receive information and to process transactions across multiple departments;
- **Fourth stage-** consists of portal personalisation, wherein customers are allowed to customize portals with their desired features;
- **Fifth stage-** is when government departments cluster services along common lines to accelerate the delivery of shared services and clustering of common services; and
- **Sixth and final stage-** technology is integrated further to bridge the gap between the front and back office.

MODELS OF E-GOVERNANCE

Five important models of e-governance have been identified, which can be used as a guide in designing e-government initiatives depending on the **local situation and governance activities** that are expected to be performed. These models are:

The Broadcasting Model

The model is based on dissemination/ broadcasting of useful governance information, which is in the public domain into the wider public domain with ICT and convergent media. The strength of the model rests upon the fact that a **more informed citizenry is better able to judge the functioning of existing governance mechanisms and make an informed opinion** about them. Consequently, they become more empowered to exercise their rights and responsibilities. Widespread application of this model corrects ‘information failure situations’ by providing people with the relevant information relating to the governance sphere to make informed opinion and impact governance processes.

The Critical Flow Model

The model is based on disseminating/ channeling information of critical value to the targeted audience or into the wider public domain with ICT and convergent media. The strength of this model is that ICT **makes the concept of „distance“ and „time“ redundant** when information is hosted on a digital network, and this could be used advantageously by instantly transferring the critical information to its strategic user group located anywhere or by making it freely available in the wider public domain.

The Comparative Analysis Model

This model is highly **significant model for developing countries** and can be used for empowering people. Essentially, the model continuously assimilates best practices in the areas of governance and then uses them as benchmarks to evaluate other governance practices. It then uses the result to advocate **positive changes or to influence „public“ opinion** on these governance practices. The comparison could be made over a time scale to get a snapshot of the past and present situation or could be used to compare the effectiveness of an intervention by comparing two similar situations. The strength of this model lie in the **infinite capacity of digital networks** to store varied information and retrieve and transmit it instantly across all geographical and hierarchal barriers.

E-Advocacy/ Mobilisation and Lobbying Model

This model builds the momentum of real-world processes by adding the opinions and concerns expressed by virtual communities. This model **helps the global civil society to impact on global decision-making processes**. It is based on setting up a planned, directed flow of information to build strong virtual allies to complement actions in the real world. **Virtual communities** are formed which share similar values and concerns and these communities in turn link up with or support real-life groups/ activities for concerted action. Hence, it creates a diversity of virtual community and the ideas, expertise and resources are accumulated through this virtual form of networking. In addition, it is **able to mobilise and leverage human resources** and information beyond geographical, institutional and bureaucratic barriers and use it for concerted action.

The Interactive-Service Model

It opens avenues for **direct participation** of individuals in governance processes and brings in greater objectivity and transparency in decision-making processes through ICT. Fundamentally, ICT has the potential to bring in every individual in a digital network and enable **interactive (two-way) flows of information** among them. Under this model, the various services offered by the Government become directly available to its citizens in an interactive manner. It does so by opening up an interactive **Government to Consumer to Government (G2C2G)** channel in various aspects of governance, such as election of government officials (e-ballots); redressing online of

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specific grievances; sharing of concerns & providing expertise; opinion polls on various issues; etc.

E-GOVERNMENT vs. E-GOVERNANCE

The **terms "government" and "governance"** are currently in widespread use, sometimes interchangeably. It is important to develop a distinction between the two. Government is an **institutional superstructure** that society uses to translate politics into policies and legislation. Governance is the **outcome** of the interaction of government, the public service, and citizens throughout the political process, policy development, program design, and service delivery.

Governments are specialized institutions that contribute to governance. **Representative governments seek and receive citizen support**, but they also need the active cooperation of their public servants. Governance is the outcome of politics, policies, and programs.

GOVERNMENT	GOVERNANCE
superstructure	functionality
decisions	processes
rules	goals
roles	performance
implementation	coordination
outputs	outcomes

E-GOVERNMENT	E-GOVERNANCE
electronic service delivery	electronic consultation
electronic workflow	electronic controllership
electronic voting	electronic engagement
electronic productivity	networked societal guidance

The primary delivery models of e-Government can be divided into:

- Government-to-Citizen or **Government-to-Customer** (G2C)
- **Government-to-Business** (G2B)
- **Government-to-Government** (G2G)
- **Government-to-Employees** (G2E)

LEGAL AND POLICY FRAMEWORK

The following provisions have laid down the legal and policy framework for ICT and e-governance in India:

Information Technology Act 2000

The Action Plan endorsed by the **Conference of Chief Ministers in 1987** had already addressed the pertinent issues of accountable and citizen friendly administration; and transparency and right to information. In pursuance of these issues, the Information Technology Act was promulgated in 2000. The **objective of the Act** is —to provide legal **recognition for transactions** carried out by means of electronic data interchange and other means of electronic communication, commonly referred to as ‘electronic methods of communication and storage of information’; to **facilitate electronic filing of documents with the Government agencies**; and further to amend the Indian Penal Code, the Indian Evidence Act, 1872, the Banker’s Book Evidence Act, 1891 and the Reserve Bank of India Act, 1934 and for matters connected therewith or incidental thereto.

Both **e-commerce and e-governance transactions** are covered under the ambit of this Act, which facilitates acceptance of electronic records and digital signatures. The Act, thus, **stipulates numerous provisions**. It aims to provide for the legal framework so that legal sanctity is accorded to all electronic records and other activities carried out by electronic means.

Chapter III of the Act details about „**Electronic Governance**“ and provides inter-alia amongst others that where any law provides that information or any other matter shall be in writing or in the typewritten or printed form, then, notwithstanding anything contained in such law, such requirement shall be deemed to have been **satisfied if such information or matter is:**
rendered or made available in an electronic form; and

Accessible so as to be usable for a subsequent reference.

Report of the Working Group on Convergence and E-governance 2002-07

Report of the Working Group on Convergence and E-governance proposed the **need for administration to transform itself** from a passive information and service provider to a platform/ forum for the active involvement of citizens. This Report primarily concerned itself with public investments.

It could not **visualise the extent of private initiative** that could be expected to come forth in the convergence area or in e-commerce or allied segments. It felt the need to set up a central body for taking stock of the total IT picture in the country. This central body could be a „**Council for E-governance**“ or an adhoc „**Commission on Reengineering Administrative Procedures for E- governance.**“ Another alternative it suggested was to set up a National Institute of Smart Governance.

The National E-Governance Plan

The **National e-Governance Plan** (2003-2007) of Indian Government seeks to lay the foundation and provide the impetus for long-term growth of e-Governance within the country. The plan seeks to create the right governance and institutional mechanisms, **set up the core infrastructure and policies** and implements a number of **Mission Mode Projects** at the center, state and integrated service levels to create a citizen-centric and business-centric environment for governance.

NeGP Visions all Government services accessible to the common man in his locality through a **One-stop-shop (integrated service delivery)** ensuring convenience, efficiency, transparency & reliability. NeGP also envisages significant investments in areas such as government process re-engineering, capacity building, training, assessment and awareness. An **apex committee** under the Cabinet Secretary is already in place for providing the strategic direction and management oversight.

Right to Information Act 2005

The Right to Information Act 2005 **confers on the citizens the right to:**

- 1.** Inspect works, documents and records of the government and its agencies;
- 2.** Take notes, extracts or certified copies of documents or records;
- 3.** Take certified samples of material; and

4. Obtain information in form of printouts, diskettes, floppies, tapes, video cassettes or in any other electronic mode.

This has ensured a transparent and accountable government to the people. It has also established a **two-way dialogue between the citizens and the government**. It has enabled citizens to make well-informed decisions. Further, it is an important step towards tackling corruption and has ensured better monitoring of services provided by the government.

UN E-GOVERNMENT READINESS INDEX

There are several **international rankings of e-government maturity**. The Eurostat rankings and the UN e-Government Readiness Index are among the most frequently cited. The **United Nations** conduct an annual **e-Government survey** which includes a section titled e-Government Readiness. It is a comparative ranking of the countries of the world according to **two primary indicators**: i) the state of e-government readiness; and ii) the extent of e-participation. Constructing a model for the measurement of digitized services, the Survey assesses the 191 member states of the UN according to a quantitative composite index of e-government readiness based on website assessment; telecommunication infrastructure and human resource endowment.

SIGNIFICANCE OF E-GOVERNANCE

ICT applications impact upon the structures of public administration systems. Technological advancements **facilitate the administrative systems by enabling**:

Administrative Development

Administrative reforms, often, have focused on procedural details and restructuring of systems and processes of government organisations. **The basic objective** of these reforms is to enhance capacities of the systems. ICTs can be used and are being used now to give further impetus to the process. They **help in the following manners**:

1. **Automation of Administrative Processes**: A truly e-governed system would require **minimal human intervention** and would rather be system driven. While initially the solutions that were offered were quite primitive with poor information

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layout, inadequate navigation provisions, occasional disruption in services, periodic outdated content and little or **no „back office“ support.**

However, technological advancements and increased pressure from citizenry have prompted improvements in these areas. Now administrative departments are computerised and **connected through network.** Software has been built and designed around government departments ensuring efficiency in operations. The departments have **launched individual websites** carrying information of their respective departments. This has enabled online carrying of operations and file movements. **Budgeting, accounting, data flow, etc.** has become easy. This has increased the efficiency of office operations and processes and has reduced unnecessary delays.

- 2. Paper Work Reduction:** An immediate impact of automation would be on the paperwork. Paperwork is reduced to a greater extent with **communication being enabled via electronic route** and storage and retrieval of information in the electronic form. All this has led to emergence of **„less paper office“.** This concept is defined as an office situation where all the information (file and mail) amongst various functionaries is distributed online.

Less paper office is the implementation of effective electronic communication processes that enable elimination of reproductive works and unnecessary papers. The concept is where **files and mails (information) are transmitted over wires** to small computers at each employee's desk. Office work, such as, file movements, notings, etc. is computerised and documentation, report preparation, databases are now maintained in computers. Due to interconnectivity through LAN, transfer of information and files take place online, thus reducing the physical movements and consumption and storage of huge piles of paper.

- 3. Quality of Services:** ICT helps governments to deliver services to the citizens with greater **accountability, responsiveness and sensitivity.** Quality of services improves, as now the people are able to get services efficiently and instantaneously. As volumes of transactions and information can be **electronically handled and delivered over a wider area** through the net and web, qualitative services become possible in least time, in least cost, in least difficulty and in greater convenience. By ensuring online redressal of grievances the accountability of officials is ensured. They have become sensitive to the issues affecting people. **Monitoring by way of video teleconferencing** has further facilitated central monitoring, reporting and face to face communication that has assured effective service delivery by the officials.

- 4. Elimination of Hierarchy:** ICT has reduced procedural delays caused by hierarchical processes in the organisation. Through Intranet and LAN, it has become possible to send information and data across various levels in the organisation at the same time. **Computerisation and communication patterns** facilitated by ICT have increased efficiency and have led to the involvement of all levels in decision-making.
- 5. Change in Administrative Culture:** Bureaucratic structures have been plagued by characteristics aptly described as „**bureau-pathology**“. Efforts have been made to find ways to deal with the **pathological or dysfunctional aspects** of bureaucratic behaviour and to make delivery of public services effective and efficient. With e-governance, public actions coming under public glare would certainly induce norms and values of accountability, openness, integrity, fairness, equity, responsibility and justice in the administrative culture. Rather, administration would become efficient and responsive.

Effective Service Delivery

ICTs play an important role in effectively delivering services to the people. ICTs ensure:

- A. Transparency** by dissemination and publication of information on the web. This provides easy access to information and subsequently makes the system publicly accountable. Also as web enables free flow of information, it can be easily accessed by all without any discrimination.
- B. Economic Development:** The deployment of ICTs reduces the transaction costs, which makes services cheaper. For example, rural areas suffer on account of lack of information regarding markets, products, agriculture, health, education, weather, etc. and if all this could be accessed online would lead to better and more opportunities and thereby prosperity in these areas.
- C. Social Development:** The access to information empowers the citizens. Informed citizenry can participate and voice their concerns, which can be accommodated in the programme/ project formulation, implementation, monitoring and service delivery. Web enabled participation will counter the discriminatory factors affecting our societal behaviour.
- D. Strategic Information System:** Changing organisational environment and increasing competitiveness have put pressures on the performance of the functionaries. Information regarding all aspects needs to be made available to the management at every point to make routine as well as strategic decisions. ICT effectively enable putting such strategic information systems in place.

E. Environmental bonuses: Paperless office: Proponents of e-government argue that online government services would lessen the need for hard copy forms. Due to recent pressures from **environmentalist** groups, the media, and the public, some governments and organizations have turned to the Internet to reduce this paper use.

E-GOVERNANCE CHALLENGES

"E-governance is not really the use of IT in governance but as **a tool to ensure good governance**. E-governance does not mean proliferation of computers and accessories; it is basically a political decision which calls for discipline, attitudinal change in officers and employees, and massive government process re-engineering.

All implementers and drivers of e-governance initiatives agree that the **biggest challenge** of deploying e-governance is not technology but **change management**. Change management is important not only in terms of cultural change but also in terms of changing operations and processes workflow that the automated environment will introduce.

It's important to educate people at all levels about the benefits of technology. The various benefits and **advantages of e-enabling the system** should be communicated clearly. It is important to explain to people that the introduction of IT will not take away existing jobs but will make them easier, and if less manpower is required for operations the staff can be re-deployed elsewhere with no threat to their career growth path.

The **key challenges** with electronic governance are not technology or internet issues but **organizational issues** like:

- a.** Redefining rules and procedures
- b.** Information transparency
- c.** Legal issues
- d.** Infrastructure, Skill and awareness
- e.** Access to right information
- f.** Interdepartmental collaboration
- g.** Tendency to resist the change in work culture

Other obstacles are geographical distances, lack of trained human resources, and lack of ICT penetration in remote areas. For instance, a good e-

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governance application will not benefit anybody in remote areas if there is no supporting infrastructure such as electricity, computers and connectivity.

The **challenges of connectivity** have also reduced over the years with the falling prices of bandwidth and increased reach of connectivity service providers. **Major VSAT service providers** already have established large footprints in India, and telecom service providers have stepped up their leased line offerings even in previously unrepresented territories. Many state governments have developed **state wide area networks (SWANs)**, customized applications, and data banks. But the interconnectivity of the servers is an issue which calls for the establishment of state data centres. The NIC, which is promoting e-governance in the country, has established VSAT connectivity in all the districts of the country. There remains however issues such as **standardization, inter-operability, security, and propriety vs. open source.**

The **other set of challenges** lie in extending the reach of e-Governance services to **70% of Indian population that lives in villages.** These include:

- a. Assessment of local needs and customizing e-Governance solutions to meet those needs
- b. Connectivity
- c. Content (local content based on local language)
- d. Building Human Capacities
- e. e-Commerce
- f. Sustainability
- g. e-Governance Challenges Specific to India

- 1. Lack of Integrated Services:** Most of the e-Governance Services being offered by state or central governments are not integrated. This can mainly be attributed to Lack of Communication between different Departments. So the information that resides with one department has no or very little meaning to some other department of Government.
- 2. Lack of Key Persons:** e-Governance projects lack key persons, not only from technological aspect, but from other aspects as well.
- 3. Population:** This is probably the biggest challenge. Apart from being an asset to the country it offers some unique issues, an important one being Establishing Person Identities. There is no unique identity of a person in India. Apart from this, measuring the population, keeping the database of all Indian nationals (& keeping it updated) are some other related challenges.

- 4. Different Languages:** A challenge due to the diversity of the country. It enforces need to do governance (upto certain level), in local languages. Ensuring e-Governance in local language is a big task to achieve.

There are many considerations and potential implications of implementing and designing e-government, including **disintermediation** of the government and its citizens, impacts on economic, social, and political factors, and disturbances to the status quo in these areas.

SUGGESTIONS

In order to harness the benefits of ICTs maximally, we need to develop sufficient and adequate infrastructure, provide sufficient capital and investment, enable easy and wider accessibility and generate ample and skilful human resources. These are some of the immediate and pertinent challenges to effective implementation of ICT and e-governance. These are:

- 1. Infrastructure:** The foundation of e-governance is based on the reach of telecommunication services to the so far un-served areas. To develop telecommunication, infrastructures are to be created so that the end-user is able to access the services promptly and effectively.

To strengthen the infrastructure, **“National Task Force on Information Technology and Software Development”** in 1998 recommended broadband connection (also known as ‘the last mile’) linkage for IT Applications Service Providers (ASPs), Internet Service Providers (ISPs) and IT promotional organisations, either by fibre optics or by radio communication, with the aim to **„boost efficiency and enhance market integration”** through Internet/ Intranet for sustainable regional development.

- 2. Capital:** A high rate of investment in IT capital and a supportive environment is necessary to achieve digital economy. In view of the resource crunch with the government, there is need to **generate resources from the market and private sector**. Public-private partnership may be beneficial in this regard, as the private sector can participate and contribute with capital and expertise support.
- 3. Access:** At present more than 75 percent of internet users in India are in urban India. Internet has still to reach the rural and disadvantaged sections. However, efforts are being made to expand **ICT connectivity into rural areas** through involvement of Gram Panchayats. NIC has developed comprehensive web-based software for **Panchayati raj and rural applications**, which is being implemented in

some states. With most of the panchayats getting computerised, accessibility to various services has become easy.

- 4. Utility of Information:** There is a need to provide information, which is useful. The content of the information should be such that it should be interesting, beneficial and appealing to the people. In this regard, Government of India and some of the state governments have prepared a vision document for e-governance keeping in mind the needs of the citizens. Though **Citizens' Charters of many departments** are available on the net, further publicity of such facilities is required to enable the public to access the necessary information.
- 5. Human Resource Development:** Despite the ascending growth rate observed in employment in IT sector, there is dearth of quality manpower. There exists a demand and supply gap in the IT manpower market. India apparently needs to have **more technical institutes** to impart education and training to build a pool of human resources in the field.
- 6. Capacity Building:** Service delivery will be effective if there is a trained manpower. Though computer training is being imparted to all the basic public functionaries, except in few cases, an effective use of ICT is yet to be seen. Moreover, there is an immediate need to launch a nationwide **„Train the Teachers Programme“** (3T Programme). This should be done at all levels including schools and colleges. A combination of physical and virtual training also needs to be imparted.
- 7. Changing the Mindset of Government Functionaries:** To accept the change there is a need to change the mindset of service providers and receivers. The government functionaries need to be made aware that they are there to serve the clients as per the policies and programmes and that **technological advancement is only a facilitator to solutions of problems** faced by people and not a solution in itself. To change the mindset of the service providers there is a need to impart orientation and training programmes to them.
- 8. Language:** Success of e-government also depends on communication with the people in their local languages. Currently, the most widely used language is English for e-government. But given the Indian social conditions, unless we develop interfaces in vernacular languages, it would remain out of reach of many people who are not capable of accessing these services in English. In this context, it is essential that a **clear strategy be formulated** to provide access to local level databases maintained in regional and local languages as well as to use appropriate interfaces to aggregate such data. However, it may be mentioned here that organisations like

Centre for Development of Advanced Computing (CDAC) has developed multilingual software for the purpose.

9. Standardization in Data Encoding: Once multiple access points maintained in various languages at various levels are established, there is a need to update them in conformity with similar standards for **data encoding-an application logic** for a common horizontal application and data dictionary. This is also important for finding aggregates in the national context.

10. Grievance Redressal Mechanism: The mechanism planned for various functions need to make provision for grievance redressal as well. Interactive platforms on the internet may speed up the process and may be useful in this regard. The BMC-Praja Foundation's joint initiative of the **Online Complaint Management System (OCMS)** is perhaps the world's first in citizen-government partnership for solving public grievances in municipal services. It uses IT as a tool to bring in efficiency and effectiveness into the system. **Central Vigilance Commission** has also provided such a platform for people to register their complaints against corrupt officials. Such sporadic instances need to be made broad-based and effective, though it may be conceded that more and more public service agencies are now providing or contemplating such facilities.

11. Cyber Laws: The government needs to enact appropriate laws, especially those, which are necessary to enable transactions over the internet. **Safety concerns** regarding use of credit cards or other modes of payment stops the consumers from using such facilities.

E-governance is a **global phenomenon today** and it is the most recent paradigm in public administration. The speed and transparency associated with e-governance has the potential to make public administration responsive and effective. As the **development of e-governance** gets past the phase of pilot projects, it becomes apparent that sustainable development of e-governance will depend on an adequate institutional framework that will enable public administration to manage and harmonize the emerging **multitude of technical and organisational changes** at all levels of government. The time has come to focus on the challenges in implementation, especially those related to cross-level applications and institutional framework, which would enable to bring in broader changes in governance.

E-GOVERNANCE IN INDIA - II

NEW VISTA IN INFORMATION SHARING & TRANSPARENCY

E-Governance is a **new version and a novel variety of governance**. E-governance **is not only the new, but also the now trend** occurring in India. It is fast taking the form of a movement. Many benefits are flowing from its adoption in various spheres of administration. Several advanced governments of the world have switched over and many other seem to be switching over to electronic administration. **India lacks however, a national perspective one-governance**, although, there is space of flourishing eloquence among some ministers, bureaucratic techno experts and other pundits combined with a fairly widespread awareness and more or less universal realization of the positive aspects of this informative revolution.

With most aspects of citizen life and most sectors of governmental functions coalescing, in a **mutually beneficial, friendly ambience** through an electronic convergence system, there will emerge one day, a **one stop, non stop shopping approach** in the governments, involving „**cross-cutting**“ **over-joined up governance** – the idea simply being to create capability for providing the citizens access to government services across departments through electronic networks.

There is no doubt that seriously implementing e-governance programme calls for **basic restructuring of an age-old archaic and colonial procedures** – it indeed involve almost wholesale elimination of the existing dysfunctional system of governance. **What is urgently needed is change in the mindset of the people in government, change in the philosophy, spirit and processes in bureaucracy, development of a national infrastructure, and a governing body on e-governance for the whole country.**

There seems to have come about a welcome change, rather dramatic. Inaugurating the first meeting of state IT ministers on July 15, 2000 in New Delhi, Prime Minister Atal Behari Vajpayee announced major initiatives aimed at propelling development of IT and telecom infrastructure in the country. These included the end of VSNL's monopoly on international band width access, full deregulation of the national long distance telecom market to private competition and formation of a task force on human resource development in IT. As **13-Point Common Action Plan** for promoting

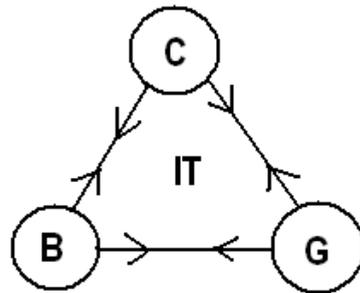
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IT in India has been adopted, divesting the Union and State governments to promote e-governance and to improve efficiency.

People have long been a harassed lot in their relationship with the government with endless forms, regulations, by-laws, paperwork, delays, secrecy, authoritarianism and negativism. They would not take these anymore and hence the **demand for „good governance“ slogan, for „paperless office“; cry for transparency and death of secrecy and insistence on right to information.** Technology can give them all that stands for good governance. **E-governance is the other name of good governance.**

People cannot go without good governance. It is their right to have it. It is government's duty to govern, and govern well. Government is a mandated pledge that has to be fulfilled. The state has to be **welfare oriented, people directed and service driven.** Government can justify the existence only by providing good, transparent and effective governance.

Suddenly, e-governance through a technological revolution have brought in healthy changes. **The basic character of governance, operational methodology, functional style, ideological orientation has undergone changes.** In fact much more transparency, demolition of discretion and arbitrariness, and above all, clientele orientation and citizen savvyness have been brought about by the e-governance.



IT enabled Business-Government,
Government-Citizen, Citizen-Business interactions

The **IT Act 2000** has been passed. Chapter III of the act deals with electronic governance. The Act marks a **watershed in the conduct of affairs** in the government, signaling a new beginning in the official transactional mode. More importantly, **paper work, files fastened by red tape, elaborate notings and**

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drafting – all delay producers – may be a **relic of the past**, if in future; e-governance becomes the order of the day. And there is no reason why it should not.

Areas targeted for bringing in information technology are revenue carving departments – such as registration department, commercial tax department, ration-card and public distribution system, treasury, health department, municipality functions etc. **If future is the place where we have to live the rest of our lives, we all must have stake and concern for its regulation, control and development.** IT is the tool for that. IT is an instrument for enrichment of quality of people's life. IT is the promise for a brighter future.

E-governance is certainly a legitimate hope, and not a tall order to be sure, that our **traditionally lethargic, leisurely and old worldly public administration** must sooner than later, rid itself of its inherited –burdensome baggage through the intervention of IT. The need for conceptual clarity to realize **mutually reinforcing relationship between IT and public administration** is indicated. Applying and developing IT in different spheres of activities and other programme sectors of development administration in our country that the poor people, illiterate masses, underfed men, particularly inhabiting the rural interiors, the under-privileged, disadvantaged and handicapped sections of our society can get a better deal in life.

Therefore, full potential of IT need to be tapped and harnessed in the following fields: Education, health, banking, tax administration, water and power supply, transport system, export and import, ports and docks and shipping administration, traffic control, immigration, public distribution system law and order maintenance, security, criminal justice administration and environmental protection etc.

Prosperity through IT is at our door step. We must open the door fully, and not keep it shut. We have lived in the past, in the dark, for far too long. E-governance is the future, and we must go in for it, to make the future secure for our future generations.

IT REDEFINED THEORY AND PRACTICE OF ADMINISTRATION

As far as the **theory of administration** is concerned, no other change was as penetrating as the one brought about by IT. It has affected the theory in the following ways:-

Principles of management:

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Simplification of Hierarchy

Centralization in organizations

Expansion of Span of Control

Enhanced Co-ordination

Change from emphasis on structures to delivery

Reduced role of human element: this has reduced the element of errors in administration. However, IT can only supplement and support but cannot supplant the human factor.

Change from generalist to specialist administration

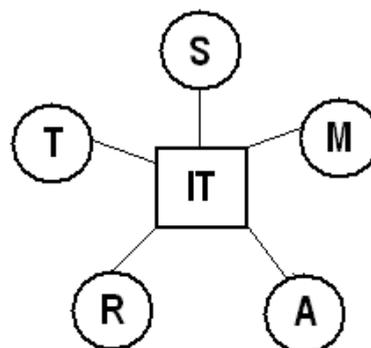
As far as the **practice of administration** is concerned, **IT has far reaching positive consequences** for the governments as well as the citizens.

For the **government as an organisation**, IT has brought in systems like **MIS** (Management Information System) and **DSS** (Decision Support System). Further, it has redefined and revolutionalized the **Communication** across the various levels of government horizontally as well as vertically. It has helped in the improvement of **work culture in the government** transforming an ivory tower approach into a people centric one.

For the **government as a State**, IT has improved the **reach, speed and quality** of various government driven programmes and policies.

More than for any other thing, the **practice of IT in the form of e-governance** has benefited the **citizens** most. The **SMART administration** (Small, Moral, Accountable, Responsive and Transparent) has had a **direct impact on the application of 4Es** (Efficiency, Effectiveness, Economy and Equity) on the citizens.

Besides, e-governance also helped in the evolution of a **participative-governance**, ultimately leading to the empowerment of citizens.



ADMINISTRATION

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ROLE OF IT IN MANAGEMENT OF ORGANIZATIONS

The information technology revolution has been called as the **second industrial revolution**. Both computer technology and communication technology has grown very rapidly, contributing to each others' growth; the two have become very interdependent. The term IT has come into common use since the mid 80's with the **integration of the computer technology and the communication technology**.

Today, IT provides integrated solutions for development of information systems in organizations and society. **Information system is the nervous system of any organization and since qua non for its survival**. Information lies at the heart of any management process, information systems are playing greater role in providing integration in organizational and public functioning. The developments in IT have affected every industry and every profession.

The main subsystems or components of information systems are:

1. Information storage, selection and retrieval (data base) system.
2. Information consolidation system (data and text processing)
3. Information communication system (networking) and
4. Information analysis (decision support) system.

Operational information is used daily and routinely and allows the organization to carry on its daily tasks. **It serves the operational level of functional units of the organization**. The information needs of planning consists of knowledge of current and past performances, forecasts on future performance, view of government policies, technological developments, market changes, and a feel for the political, social and economic climate. Effective control requires detailed information on performance at the lowest level of the organization.

OPTIMUM UTILIZATION OF IT IN PUBLIC ADMINISTRATION

There is a need for improvement in quality of services rendered by the government. The importance of computers can be attributed to its speed, accuracy, deterministic characteristics and connectivity, which has conquered time and distance. **Today, IT is more than a resource, it is an environment**. Development is a complicated process, which involves not only economic aspects, but also social, political and environmental forces. The major challenge facing the systems analysts and

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designers is to overcome the **built-in resistance in the bureaucracy and official systems** that do not permit changes many a times.

IT is an integrated technology, which includes within its sphere, computer, telecommunication and broadcasting products, by recognizing the technological convergence of these three fields. IT is an essential pre-requisite for providing basic infrastructure inputs to secure the desired industrial development and economic progress.

Adequate dissemination of information is essential for social change. Government should understand the enormous potential of IT not **only as a tool for improving governance and creating more jobs, but more significantly as a means to greatly enhance the standard of living of the people.** Use of it in enhancing the delivery of government services leads to a very responsive and transport administration, facilitating empowerment of people, satisfying their right to information.

The following steps could be taken to enhance the quality of administration:-

1. Ensure **involvement of people from professional bodies** in governmental decision-making process
2. Shift to **performance orientation**, rather than a procedure oriented bureaucratic set up
3. Ensure full **participation of personnel working at all levels of management**
4. Identify the common factors and differentiating characteristics in developing a **model information service.**
5. Besides **strong political will**, a programme/ project needs **honest implementation** with a definite and clearly defined objectives
6. IT strategy must stem from business models to ensure that **mission critical applications** get top priority

SUGGESTIONS TO ENHANCE IT APPLICATIONS

Management comprises three levels: operational, tactical and executive (in ascending order). The data requirement varies which the level of management. As one moves up the hierarchy, the data gets refined, filtered and in the process quantity of data is reduced but its quality is enhanced. The application of IT should thus be **consistent with the goals and objectives of management.**

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Emphasis should be on **IT training rather than IT education**. Schools need to shift from mere teaching technology to teaching application of technology as well.

One has to look at **specific application areas of IT** that can make a real impact on the Indian scene during the next two decades. The contents and subject matter to be available through these technologies must be consistent with the need of different categories of users.

The officers should be linked by network, and the businessman may get a **single – window clearance**.

Experiment with the new may be made only when existing and available **resources have been optimally utilized and fully exploited**.

One department at national level should be **responsible for the development and import of required hardware** and application software to be used by other departments in the country. This would save time, energy and resources.

EXAMPLES OF IT PROJECTS IN INDIA

- | | | | | |
|--------------------|---|-------------|---|----------------------------|
| 1. BHOOMI | - | Karnataka | - | Land reforms |
| 2. APSWAN | - | Andhra | - | Secretariat |
| 3. WARNA | - | Maharashtra | - | Co-operatives |
| 4. GYANDOOT | - | M.P. | - | Education |
| 5. RAJSWIFT | - | Rajasthan | - | Organisation Effectiveness |
| 6. FRIENDS | - | Kerala | - | Delivery Services |

EMOTIONAL INTELLIGENCE

CONCEPTS AND THEIR UTILITIES

Anyone can become angry- that is easy. But to be angry with the right person, to the right degree, at the right time, for the right purpose and in the right way- this is not easy. Here comes the role of Emotional Intelligence.

When it comes to happiness and success in life; **emotional intelligence (EQ) matters as much as intellectual ability (IQ)**. Emotional intelligence helps you **build stronger relationships**, succeed at work, and achieve your career and personal goals.

What is emotional intelligence?

We all have different personalities, different wants and needs, and different ways of showing our emotions. Navigating through this all takes **tact and cleverness** – especially if we hope to succeed in life. This is where emotional intelligence becomes important.

Emotional intelligence (EQ) is the **ability to identify, use, understand, and manage emotions in positive ways** to relieve stress, communicate effectively, empathize with others, overcome challenges, and defuse conflict. Emotional intelligence impacts many different aspects of your daily life, such as **the way you behave and the way you interact with others**. If you have **high** emotional intelligence you are able to recognize your own emotional state and the emotional states of others, and engage with people in a way that draws them to you. You can use this understanding of emotions to **relate better to other people**, form healthier relationships, achieve greater success at work, and lead a more fulfilling life. This is a **highly useful concept in administration** especially when the administrators have to deal with the **stress and crisis situations**.

People with high emotional intelligence are **usually successful in most things they do**. Why? Because they're the ones that others want on their team. When people with high EI send an email, it gets answered. When they need help, they get it. Because they make others feel good, they go through life much more easily than people who are easily angered or upset.

ATTRIBUTES/ CHARACTERISTICS EMOTIONAL INTELLIGENCE

Daniel Goleman, an American psychologist, developed a framework of 5 elements that define emotional intelligence:

1. **Self-awareness:** You recognize your own emotions and how they affect your thoughts and behavior, know your strengths and weaknesses, and have self-confidence. Simply to say, knowing about your emotions.
2. **Self-management/ Self-regulation:** You're able to control impulsive feelings and behaviors, manage your emotions in healthy ways, take initiative, follow through on commitments, and adapt to changing circumstances.
3. **Self motivation:** It means your ability to motivate yourself as and when required to overcome the stress situations or regain your lost confidence. It is done through telling yourself your strengths and your achievements in the past and your present capabilities.
4. **Social awareness/ Empathy:** You can understand the emotions, needs, and concerns of other people, pick up on emotional cues, feel comfortable socially, and recognize the power dynamics in a group or organization. In simple words, ability to understand others' feelings/ emotions.
5. **Relationship management/ Social skills:** You know how to develop and maintain good relationships, communicate clearly, inspire and influence others, work well in a team, and manage conflict.

Self awareness is said to be cornerstone of Emotional Intelligence. People with high emotional intelligence are usually very self-aware. It reflects person's ability to know reasons for his emotional responses thus improving the chances of his handling these emotional responses. They are **confident** because they **trust their intuition** and don't let their emotions get out of control. Self aware people have better understanding of their strengths & weaknesses. They know when to ask for help and whom to ask for help. **They take calculated risks.** Self aware people set **realistic goals** as they are well informed about their abilities and maintain positive goal discrepancy. Such people are capable of using their emotions to guide their preferences & decision making. They understand their emotions, and because of this, they **don't let their feelings rule them.** They are also willing to take an honest look at themselves.

Self management or Self regulation is important component of Emotional Intelligence as it frees us from being prisoners of our own feelings. This is the ability to **control emotions and impulses.** Emotionally Intelligent person can handle

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feeling of anger, anxiety, depression successfully and therefore are able to create climate of trust & fairness in which infighting is reduced and **chances of goal realization are increased**. These people are able to look for and understand reasons behind generation of certain emotions and hence can control it. Emotionally Intelligent persons have **enormous self control** and because of enormous self control they **can win trust of others**. People who self-regulate typically don't allow themselves to become too angry or jealous, and they don't make impulsive, careless decisions. They **think before they act**. Characteristics of self-regulation are thoughtfulness, comfort with change, integrity, and the ability to say no.

Self motivation is also important characteristic of Emotional Intelligence as it provides regular energy to work in the direction of goal. People with a high degree of emotional intelligence are usually motivated. Emotionally Intelligent people are **able to channelize their emotions in service of their goal**. They can withhold impulses and **delay their gratification**. They are **willing to defer immediate results** for long-term success. They **remain optimistic** even in the face of adversity and **don't hesitate to grab opportunity**. Their optimism enables them to overcome fear of failure and depression of occasional failure and keeps their commitment level high. They are highly productive, love a challenge, and are very effective in whatever they do.

Social awareness or Empathy can be described as **thoughtfully considering other's feelings and behave in manner to make others comfortable**. This is perhaps the **second-most important element** of emotional intelligence. Empathy is the ability to **identify with and understand the wants**, needs, and viewpoints of those around you. Empathic people **recognize emotions of others** and understand subtle social signal of what others want. Such people have tendency to recognize need of others and work to meet them. People with empathy are good at recognizing the feelings of others, even when those **feelings may not be obvious**. As a result, empathetic people are **usually excellent at managing relationships**, listening, and relating to others. They **avoid stereotyping** and judging too quickly, and they live their lives in a very open, honest way.

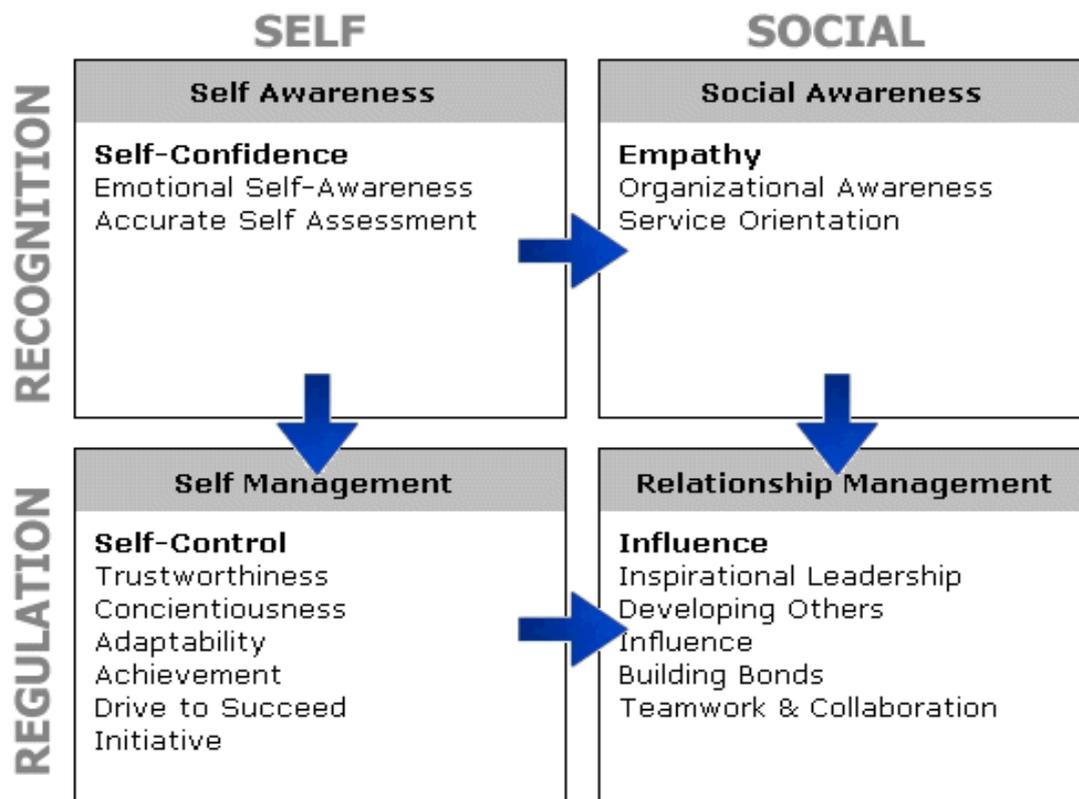
Social skill or Relationship management refers to **adeptness in inducing desired response in others**. It's usually easy to talk to and like people with good social skills, another sign of high emotional intelligence. Those with **strong social skills** are typically team players. Rather than focus on their own success first, they help others develop and shine. They can **manage disputes**, are excellent communicators,

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and are **masters at building and maintaining relationships**. Various social skills that define social competence of emotionally intelligent people are:

- 1) **Patience:** ability to remain calm & composed under stressful situations.
- 2) **Self confidence:** ability to have firm faith in one's capacity to handle various situations.
- 3) **Tactfulness:** delicate perception, which allows one to pick up social cues and execute right move at right time.
- 4) **Recognition of social environment:** Ability to analyze social environment & judge what environmental demands are.
- 5) **Social memory:** The memory of all important events names & faces.
- 6) **Sensitivity:** Being sensitive towards feelings of others.
- 7) **Cooperativeness:** tendency to work with others for realization of common goals it may also be referred as team work.
- 8) **Effective listening:** Ability to attend to message with understanding.
- 9) **Sense of Humor:** see lighter side of life & derive fun & happiness in social situations.

THE THEORETICAL 4 QUADRANT MODEL



To explain the model, which describes the development of Emotional Intelligence, begin by thinking about the first quadrant, "**Self Awareness**". Emotional Intelligence begins here, with an awareness of our selves. From this base spring the next

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two quadrants, "**Self Management**" and "**Social Awareness**". The implication is that only when one is self-aware can one begin to manage oneself; also, self-awareness is a requirement if one is to have an awareness of others' needs and concerns. Social Awareness includes the concept of being aware of the mood of a group - a skill sometimes described as **political deftness**. **Behaviour** is the domain of the fourth quadrant, for which the second and third quadrants are precursors. Summarised as "Social Skills", the **fourth quadrant includes skills such as:**

- influencing others;
- listening openly;
- communicating clearly;
- negotiating effectively;
- inspiring others and leading them towards a goal;
- building mutually beneficial relationships;
- and working with others in teams

These behaviours will be the most obvious outward signs of Emotional Intelligence. Similarly, gaps in outward Emotional Intelligence may have their roots in the other quadrants

Characteristics given by Mayer & Salovey

Salovey and Mayer proposed a model that identified **four different factors of emotional intelligence**: the perception of emotion, the ability reason using emotions, the ability to understand emotion and the ability to manage emotions.

- 1) **Perceiving Emotions/ Emotional identification & perception:** The first step in understanding emotions is to accurately perceive them. In many cases, this might involve understanding nonverbal signals such as body language and facial expressions. It is the **ability to perceive & identify emotions in faces, tone & body language**. It also involves capacity for self awareness and emotional literacy, which refers to one's ability to label feelings in oneself & others.
- 2) **Reasoning with Emotions/ Emotional facilitation of thought:** The next step involves using emotions to promote thinking and cognitive activity. Emotions help prioritize what we pay attention and react to; we respond emotionally to things that garner our attention. It is the ability to incorporate feelings into analysis, reasoning & decision making.

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- 3) **Understanding Emotions:** The emotions that we perceive can carry a wide variety of meanings. If someone is expressing angry emotions, the observer must interpret the cause of their anger and what it might mean. For example, if your boss is acting angry, it might mean that he is dissatisfied with your work; or it could be because he got a speeding ticket on his way to work that morning or that he's been fighting with his wife. It is the **ability to solve emotional problems** and to identify and understand relationship between emotions, thought & behavior. This ability is very important for survival of species.
- 4) **Managing Emotions/ Emotional Management:** The ability to manage emotions effectively is a key part of emotional intelligence. Regulating emotions, responding appropriately and responding to the emotions of others are all important aspect of emotional management. It is the **ability to take up responsibility** for one's emotions and ability to turn negative emotions into positive emotions.



According to Salovey and Mayer, the four branches of their model are, **arranged from more basic psychological processes to higher**, more psychologically integrated processes. For example, the lowest level branch concerns the (relatively)

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simple abilities of perceiving and expressing emotion. In contrast, the highest level branch concerns the conscious, reflective regulation of emotion.

IMPORTANCE OF EMOTIONAL INTELLIGENCE

As we know, **it's not the smartest people that are the most successful or the most fulfilled in life.** You probably know **people who are academically brilliant and yet are socially inept and unsuccessful at work** or in their personal relationships. **Intellectual intelligence (IQ) isn't enough on its own to be successful in life.** Yes, your IQ can help you get into college, but it's your EQ that will **help you manage the stress and emotions** when facing your final exams. Emotional intelligence affects:

Your performance at work. Emotional intelligence can help you navigate the social complexities of the workplace, lead and motivate others, and excel in your career. In fact, when it comes to gauging job candidates, **many companies** now view emotional intelligence as being as important as technical ability and require EQ testing before hiring. In developed countries, the **government jobs** too require to go through the emotional intelligence tests. However in **India**, no such tests are explicitly described.

Your physical health. If you're unable to manage your stress levels, it can lead to serious health problems. Uncontrolled stress can raise blood pressure, suppress the immune system, increase the risk of heart attack and stroke, contribute to infertility, and speed up the aging process. The first step to improving emotional intelligence is to learn how to relieve stress.

Your mental health. Uncontrolled stress can also impact your mental health, making you vulnerable to anxiety and depression. If you are unable to understand and manage your emotions, you'll also be open to mood swings, while an inability to form strong relationships can leave you feeling lonely and isolated.

Your relationships. By understanding your emotions and how to control them, you're better able to express how you feel and understand how others are feeling. This allows you to communicate more effectively and forge stronger relationships, both at work and in your personal life.

Impact of EQ in our life:

- 1) EQ allows us to **assume responsibility** for our feelings.

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- 2) It ensures that we are not easily threatened by criticisms and we take steps to improve shortcomings.
- 3) It allows us to **address our fears using reason** and prevents us from being penalized by them.
- 4) It increases **motivation, goal commitment** and improves our overall adjustment.
- 5) It improves and fosters **positive self concept** and helps us in making our lives more meaningful.
- 6) It enables us to raise our children in a rational manner. Children of such parents also develop high EQ.
- 7) EQ improves our physical health. Positive emotions, which are generated, remove tension & provide relief to internal body organs.
- 8) It enables us to **empathize with others** & improve relationships.
- 9) It helps in graceful aging. It enables elder citizens to accept old age positively, and thus remain useful contributors of society.
- 10) EQ empowers romantic relationships. It enables us to **become attractive** and ensures that others love us deeply.

EQ allows us better opportunities to utilise our cognitive abilities. For selection, IQ may be more important but our **EQ gets us promoted**. The world belongs to those who are skilled in managing emotions as only those people who are skillful in handling relationship are likely to succeed in various life situations.

THE CONCEPT OF INTELLIGENCE AND PROBLEMS ASSOCIATED WITH IT

Intelligence has been defined in many different ways including, but not limited to abstract thought, understanding, self-awareness, communication, reasoning, learning, having emotional knowledge, retaining, planning and problem solving. Intelligence is most widely studied in humans, but has also been observed in animals and in plants. A very **general mental capability** that, among other things, involves the ability to reason, plan, solve problems, think abstractly, comprehend complex ideas, learn quickly and learn from experience. It is not merely book learning, a narrow academic skill or test-taking smarts. Rather, it reflects a **broader and deeper capability for comprehending our surroundings**- "catching on," "making sense" of things, or "figuring out" what to do.

Intelligence has been the primary focus of psychological studies. Educational achievement, achievement of life goals, success, one's adaptability in one's environment, taking on challenges etc. depend on one's intelligence. Studies on intelligence have been focused primarily to know various component of intelligence or

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process of Intelligence so that intelligence may be measured. In the pursuit of measurement of intelligence, various tests had been prepared and one foremost parameter devised was IQ i.e. **Intelligence Quotient. IQ is a mathematical entity** which gives a numerical value to one's intelligence.

IQ allows one to compare one's intelligence with others and thus rendering inter personal comparison feasible. The many different kinds of IQ tests use a wide variety of methods. Some tests are visual, some are verbal, some tests only use abstract-reasoning problems, and some tests concentrate on arithmetic, spatial imagery, reading, vocabulary, memory or general knowledge. Intelligence plays an important role in our lives. **IQ scores are used as predictors of educational achievement, special needs, job performance and income.** An intelligent person has more chances of being successful than others in general. So IQ of an individual is measured for recruitment, diagnosis of mental disorders, job performance etc. However there are many inadequacies attached with the concept of Intelligence. These inadequacies are as following:

Inadequacies in concept of Intelligence:

- 1) Lack of **universally agreed upon definition of intelligence.** This implies there is always subjectivity. There is unanimity among various psychologists that Intelligence refers to processes/ components/ outputs of the **grey matter** or simply called brain. Still various psychologists have defined Intelligence in different ways.
- 2) Disagreement among psychologists regarding **relative contribution of nature & nurture in development of intelligence.** Various studies have found mixed results of relative contribution of nature and nurture in the development of intelligence. –Dickens and Flynn¹¹ have argued that **genes for high IQ initiate environment-shaping feedback**, as genetic effects cause bright children to seek out more stimulating environments that further increase IQ. In their model, **environment effects decay over time.** Further studies on intelligence have also found out that possible factors, like nutrition in early childhood, may cause permanent effects on intelligence.
- 3) **Real life experience shows that higher intelligence does not necessarily ensure better adjustability.** It has been found that there are factors other than intelligence, which determine individual's adjustment in one's environment.

Inadequacies associated with concept of IQ

- 1) **IQ = Mental Age*100/ Chronological Age**. Thus it considers that IQ is a mathematical entity which remains same throughout. However recent researchers have found that **IQ is not constant**. Further IQ causes categorization of people based on their IQ score, thus people with low IQ scores may be viewed in a negative light. This process of categorization is called Pigeon holing.
- 2) There occurs **significant variability in scores from one intelligence to another**. Howard Gardner has identified **7 distinct intelligences**. This theory has emerged from recent cognitive research and documents the extent to which students possess different kinds of minds and therefore learn, remember, perform, and understand in different ways. According to this theory, "we are all able to know the world through language, logical-mathematical analysis, spatial representation, musical thinking, the use of the body to solve problems or to make things, an understanding of other individuals, and an understanding of ourselves. **Individuals differ in the strength of these intelligences - the so-called profile of intelligences** - and in the ways in which such intelligences are invoked and combined to carry out different tasks, solve diverse problems, and progress in various domains".
- 3) It has been observed that **variability in IQ scores for different age levels on similar tests is not same**. This is primarily due to the reason that mental age doesn't go on increasing in parallel to chronological age.

The **knowledge of one's emotions is the basic feature of Emotional Intelligence**. If people can't recognize their emotions, it will leave them at the mercy of others and create distress in them. On the other hand, **people with emotional awareness are likely to be aware of their strengths & weaknesses** and it will enable them to exercise greater self control.

Awareness about one's self and emotions also improves self confidence to meet any challenge in life. Emotionally intelligent people may not be book smart but since they can handle their own and other's emotions, they often end up **holding positions that are superior** to positions held by people with higher IQ & low EQ. Though **areas of brain associated with IQ & EQ are different**, these two areas often work in tandem when a person is confronted with a problem situation.

EVOLUTION OF THE CONCEPT OF EMOTIONAL INTELLIGENCE

- 1930s – **Edward Thorndike** describes the concept of "**social intelligence**" as the ability to get along with other people.
- 1940s – **David Wechsler** suggests that **affective components of intelligence** may be essential to success in life.
- 1950s – Humanistic psychologists such as **Abraham Maslow** describe how people can build **emotional strength**.
- 1975 - **Howard Gardner** introduces the concept of **multiple intelligences**.
- 1985 - **Wayne Payne** introduces the term **emotional intelligence**
- 1987 –**Keith Beasley** uses the term "**emotional quotient**".
- 1990 –**Peter Salovey and John Mayer** publish their landmark article, "**Emotional Intelligence**".
- 1995 - The concept of emotional intelligence is **popularized** by **Daniel Goleman**'s book *Emotional Intelligence: Why It Can Matter More Than IQ*.

—Peter Salovey¹¹ & —John Mayer¹¹ are **credited for development of the concept of Emotional Intelligence**. Both worked independently to develop the concept of Emotional Intelligence. However both came with the concept of Emotional Intelligence at the same time so both are jointly credited. They defined Emotional Intelligence as the **Ability to monitor one's own feelings and emotions**, to discriminate among them and to use this information to **guide one's own thinking & action**.

The definition of Emotional Intelligence was redefined as the **Ability to perceive emotions, get access to emotions and to generate emotions**. Emotional Intelligence allows one to have **better understanding of emotions and in-depth emotional knowledge** which in turn allows one to regulate one's emotions and promote intellectual & emotional growth.

—Mayer & Cobb¹¹ defined Emotional Intelligence as the —Ability to process emotional information particularly as it **involves perception, assimilation, understanding & management of emotions**¹¹.

Thorndike gave the concept of **-social intelligence**¹¹ and it can be regarded as similar to Emotional Intelligence. Thorndike defines Social Intelligence as the Ability to manage men, women, boys & girls i.e. **ability to judge & act wisely in human relationships**. Thorndike also mentioned abstract intelligence & concrete

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intelligence. **Abstract Intelligence** is the ability to manipulate verbal & mathematical symbols, whereas **Concrete Intelligence** is the ability to understand & manipulate objects. **Gardner** through his description of **intra & inter personal intelligence** was able to describe intelligence in terms similar to Emotional Intelligence.

Sternberg gave his **triarchic theory** of intelligence.

1. **Componential intelligence** is the ability to **process information** (similar to abstract intelligence)
2. **Experiential intelligence** is the ability to develop insight into complex relationships & develop **novel solutions** to the problem.
3. **Contextual Intelligence** is the ability to **deal with the practical matters** in an intelligent manner. Such individuals are skillful in adapting to their social environment and through their skill can shape social environment. These are high on social competence.

“Daniel Goleman” has described Emotional Intelligence as the Ability that includes **self awareness, Impulse control, persistence, zeal, self motivation and empathy & social adeptness**. Daniel Goleman is of opinion that **individual’s success at work is 80% dependent on Emotional Quotient (EQ) and 20% on Intelligence Quotient (IQ)**. Daniel Goleman has reported that there are two regions in the brain – one associated with IQ and other with EQ. It has been found that Sub cortex is associated with Emotional Intelligence & Neo-Cortex is associated with IQ.

Daniel Goleman’s book focuses on the following aspects of EI:

- **IQ contributes only 20% to life success**, the rest comes from emotional intelligence (EQ).
- The **5 areas of emotional intelligence** are self-awareness, managing emotions, self-motivation, empathy and handling relationships.
- Human beings have the **equivalent of two minds** — one that thinks and one that feels. The two sections of the brain **operate independently**. The goal is to find an intelligent balance of reason and emotion.
- **Strong emotions interfere with clear thinking**. Anxiety undermines the intellect.
- Cultivating emotional intelligence is a **cost-effective management imperative**.
- **Feedback** is the currency of emotional intelligence in management.
- The **success of a group** is not determined by the IQ of the team members, but by their emotional intelligence.

EMOTIONAL INTELLIGENCE (EI) vs. EMOTIONAL QUOTIENT (EQ)

EQ is expression of Emotional Intelligence in behavior. Emotional Intelligence (EI) is innate i.e. Emotional Intelligence is genetic, whereas Emotional Quotient is acquired and it is an environmental entity. People with **unconditional positive regard and empathic understanding** have high Emotional Quotient. High EQ is the result of interaction of environment with high Emotional Intelligence. Not all infants react in same manner to stress, so Emotional Intelligence is different in all infants.

So —Steveheini has distinguished between **Emotional Intelligence & Emotional Quotient**. He agreed that two terms are used interchangeably but he is of the opinion that Emotional Intelligence refers to person's innate potential for emotional **sensitivity, memory, emotional information processing & emotional learning abilities**. These four attributes constitute core of Emotional Intelligence.

According to —Steveheini innate **Emotional Intelligence can either be developed or destroyed by life experiences**, the core of which include emotional lessons taught to us by our teachers, parents, caregivers during early childhood & adolescence. He refers result of these experiences as EQ. That is EQ refers to **relative measure of person's healthy or unhealthy development of innate Emotional Intelligence**. EQ is not a numerical ability like Intelligence Quotient (IQ). EQ simply represents the extent to which person's Emotional Intelligence has been developed. Two individuals even with same Emotional Intelligence may have different EQ depending upon their exposure & experience. Therefore it is not necessary that a person with high Emotional Intelligence has high EQ.

HOW TO RAISE YOUR EMOTIONAL INTELLIGENCE

Emotional intelligence can be a key to success in your life— especially in your career. The ability to manage people and relationships is **very important in all leaders**, so developing and using your emotional intelligence can be a good way to show others the leader inside of you.

All information to the brain comes through our senses, and when this information is overwhelmingly stressful or emotional, instinct will take over and our ability to act will be limited to the flight, fight, or freeze response. Therefore, to have access to the wide range of choices and the **ability to make good decisions**, we need

to be able to bring our emotions into balance at will. **Memory is also strongly linked to emotion.** By learning to use the emotional part of your brain as well as the rational, you'll not only expand your range of choices when it comes to responding to a new event, but you'll also factor emotional memory into your decision-making process. This will help prevent you from continually repeating earlier mistakes.

To improve your emotional intelligence- and **your decision-making abilities**- you need to understand and control the emotional side of your brain. This is done by **developing five key skills.** By mastering the first two skills, you'll find skills three, four, and five much easier to learn.

Developing emotional intelligence through five key skills

- The ability to quickly reduce stress
- The ability to recognize and manage your emotions
- The ability to connect with others using nonverbal communication
- The ability to use humor and play to deal with challenges
- The ability to resolve conflicts positively and with confidence

The five skills of emotional intelligence **can be learned by anyone**, at any time. There is a difference, however, between learning about emotional intelligence and applying that knowledge to your life. Just because you know you *should* do something doesn't mean you will—especially when you become overwhelmed by stress, which can hijack your best intentions.

In order to **permanently change behavior in ways that stand up under pressure**, you need to learn how to take advantage of the powerful emotional parts of the brain that remain active and accessible even in times of stress. This means that you can't simply read about emotional intelligence in order to master it. You have to experience and practice the skills in your everyday life.

1. Emotional intelligence (EQ) skill 1: Rapidly reduce stress: High levels of stress can overwhelm the mind and body, getting in the way of your ability to **accurately "read" a situation**, hear what someone else is saying, be aware of your own feelings and needs, and communicate clearly. Being able to quickly calm yourself down and relieve stress helps you **stay balanced, focused, and in control**—no matter what challenges you face or how stressful a situation becomes.

Stress busting: functioning well in the heat of the moment

Develop your stress-busting skills by working through the following three steps:

Realize when you're stressed – The first step to reducing stress is recognizing what stress feels like. How does your body feel when you're stressed? Are your muscles or stomach tight or sore? Are your hands clenched? Is your breath shallow? Being aware of your physical response to stress will help regulate tension when it occurs.

Identify your stress response – Everyone reacts differently to stress. If you tend to become angry or agitated under stress, you will respond best to stress-relieving activities that quiet you down. If you tend to become depressed or withdrawn, you will respond best to stress-relieving activities that are stimulating. If you tend to freeze—speeding up in some ways while slowing down in others—you need stress-relieving activities that provide both comfort and stimulation.

Discover the stress-busting techniques that work for you – The best way to reduce stress quickly is by engaging one or more of your senses: sight, sound, smell, taste, and touch. Each person responds differently to sensory input, so you need to find things that are soothing and/or energizing to you. For example, if you're a visual person you can relieve stress by surrounding yourself with uplifting images. If you respond more to sound, you may find a wind chime, a favorite piece of music, or the sound of a water fountain helps to quickly reduce your stress levels.

- 2. Emotional intelligence (EQ) skill 2: Emotional awareness:** Being able to connect to your emotions—having a moment-to-moment awareness of your emotions and how they influence your thoughts and actions—is the key to understanding yourself and others. Many people are disconnected from their emotions—especially strong core emotions such as anger, sadness, fear, and joy. This may be the result of negative childhood experiences that taught you to try to shut off your feelings. But although we can distort, deny, or numb our feelings, we can't eliminate them. They're still there, whether we're aware of them or not. Unfortunately, without emotional awareness, we are unable to fully understand our own motivations and needs, or to communicate effectively with others.

What kind of a relationship do you have with your emotions?

Do you experience feelings that flow, encountering one emotion after another as your experiences change from moment to moment?

Are your emotions accompanied by physical sensations that you experience in places like your stomach or chest?

Do you experience discrete feelings and emotions, such as anger, sadness, fear, joy, each of which is evident in subtle facial expressions?

Can you experience intense feelings that are strong enough to capture both your attention and that of others?

Do you pay attention to your emotions? Do they factor into your decision making?

If any of these experiences are unfamiliar, your emotions may be turned down or turned off. In order to be emotionally healthy and emotionally intelligent, you must **reconnect to your core emotions**, accept them, and become comfortable with them.

Developing emotional awareness

Emotional awareness can be learned at any time of life. If you haven't learned how to manage stress, it's important to do so first. When you can manage stress, you'll feel **more comfortable reconnecting to strong or unpleasant emotions** and changing the way you experience and respond to your feelings. You can develop your emotional awareness by learning the **mindfulness meditation**.

- 3. Emotional intelligence skill (EQ) 3: Nonverbal communication:** Being a good communicator requires more than just verbal skills. **Often, what you say is less important than how you say it**, or the other nonverbal signals you send out—the gestures you make, the way you sit, how fast or how loud you talk, how close you stand, or how much eye contact you make. In order to hold the attention of others and build connection and trust, you need to be aware of, and in control of, this body language. You also need to be able to accurately read and respond to the nonverbal cues that other people send you.

These messages don't stop when someone stops speaking. Even when you're silent, you're still communicating nonverbally. Think about what you are transmitting as well, and if what you say matches what you feel. If you insist, –I'm

fine," while clenching your teeth and looking away, your body is clearly signaling the opposite. Your nonverbal messages can produce a sense of interest, trust, excitement, and desire for connection—or they can generate fear, confusion, distrust, and disinterest.

Tips for improving nonverbal communication

Successful nonverbal communication **depends on your ability to manage stress, recognize your own emotions, and understand the signals** you're sending and receiving. When communicating:

Focus on the other person. If you are planning what you're going to say next, daydreaming, or thinking about something else, you are almost certain to miss nonverbal cues and other subtleties in the conversation.

Make eye contact. Eye contact can communicate interest, maintain the flow of a conversation, and help gauge the other person's response.

Pay attention to non-verbal cues you're sending and receiving, such as facial expression, tone of voice, posture and gestures, touch, and the timing and pace of the conversation.

- 4. Emotional intelligence (EQ) skill 4: Use humor and play to deal with challenges:** Humor, laughter, and play are natural antidotes to life's difficulties; they lighten your burdens and help you keep things in perspective. A good hearty laugh reduces stress, elevates mood, and brings your nervous system back into balance. Playful communication broadens your emotional intelligence and helps you:

Take hardships in stride. By allowing you to view your frustrations and disappointments from new perspectives, laughter and play enable you to survive annoyances, hard times, and setbacks.

Smooth over differences. Using gentle humor often helps you say things that might be otherwise difficult to express without creating a flap.

Simultaneously relax and energize yourself. Playful communication relieves fatigue and relaxes your body, which allows you to recharge and accomplish more.

Become more creative. When you loosen up, you free yourself of rigid ways of thinking and being, allowing you to get creative and see things in new ways.

How to develop playful communication:

It's never too late to develop and embrace your playful, humorous side.

Try setting aside regular, quality playtime. The more you joke, play, and laugh—the easier it becomes.

Find enjoyable activities that loosen you up and help you embrace your playful nature.

Practice by playing with animals, babies, young children, and outgoing people who appreciate playful banter.

- 5. Emotional intelligence (EQ) skill 5: Resolve conflict positively:** Conflict and disagreements are inevitable in relationships. **Two people can't possibly have the same needs, opinions, and expectations at all times.** However, that needn't be a bad thing. Resolving conflict in healthy, constructive ways can strengthen trust between people. When conflict isn't perceived as threatening or punishing, it fosters freedom, creativity, and safety in relationships.

The ability to manage conflicts in a positive, trust-building way is supported by the previous four skills of emotional intelligence. Once you know how to manage stress, stay emotionally present and aware, communicate nonverbally, and use humor and play, you'll be better equipped to handle emotionally charged situations and catch and defuse many issues before they escalate.

Tips for resolving conflict in a trust-building way:

Stay focused in the present. When you are not holding on to old hurts and resentments, you can recognize the reality of a current situation and view it as a new opportunity for resolving old feelings about conflicts.

Choose your arguments. Arguments take time and energy, especially if you want to resolve them in a positive way. Consider what is worth arguing about and what is not.

Forgive. Other people's hurtful behavior is in the past. To resolve conflict, you need to give up the urge to punish or seek revenge.

End conflicts that can't be resolved. It takes two people to keep an argument going. You can choose to disengage from a conflict, even if you still disagree.

MEASUREMENT OF EMOTIONAL INTELLIGENCE

- 1) Self report tests
- 2) Other report tests
- 3) Projective test
- 4) Ability tests.

1. Self report tests: These instruments have been **commonly used to measure personality traits**. This type of test is often presented in a paper-and-pencil format or may even be administered on a computer. A typical self report inventory presents a number of questions or statements that may or may not describe certain qualities or characteristics of the test subject. Such questionnaires are often seen in doctors' offices, in on-line personality tests and in market research surveys. This type of survey can be used to look at your current behaviors, past behaviors and possible behaviors in hypothetical situations.

Early scales of Emotional Intelligence made use of self report measures. Self report tests of skills & abilities provide us information about how a person perceives his these abilities and skills. **Intentional & unintentional deception** by subjects is one of the major problems. Since definitions of traits to be rated is not specific so it is also one of the major problems.

2. Other report Inventories: Since Emotional Intelligence allows us better opportunity to handle people; so **perception of people can become crucial factor in judging Emotional Intelligence**. Observer's rating can help researcher know level of Emotional Intelligence of subject. However the problem is that **observers can be biased**. Since definitions of traits to be rated is not specific so it is also one of the major problems. In fact this problem of definition of traits to be rated is present in all rating scales.

3. Projective Tests: Projective test is a personality test designed to let a person respond to ambiguous stimuli, presumably revealing hidden emotions and internal conflicts. This is sometimes **contrasted with a so called "objective test"** in which responses are analyzed according to a universal standard for example, a multiple choice exam. The responses to projective tests are content analyzed for meaning rather than being based on presuppositions about meaning, as is the case with objective tests. Projective tests have their origins in psychoanalytic psychology, which argues that humans have conscious and unconscious attitudes and motivations

that are beyond or hidden from conscious awareness e.g. – **Thematic Apperception Test.**

- 4. Ability Test:** –Mayer & Salovey¹¹ have come up with a suggestion that Emotional Intelligence like traditional Intelligence is a set of skills & aptitude, so it can be measured with ability test. **Ability tests no doubt ensure objectivity** but major problem is standardized and objective ability tests.

Specific Instruments

- 1) **EQi by Bar-On:** EQi stands for **EQ inventory**. It is a self report test. It measures non intellectual aspects of Emotional Intelligence. Bar-On is of the opinion that Emotional Intelligence consists of a number of **non-cognitive competences or skills** and therefore one should devise a test that can measure individual's personality factors that play a role in defining his adjustments in his environment. Bar-On says that **Intelligence and Emotional Intelligence are interlinked** and intelligence provides platform to use Emotional Intelligence. He developed EQi competences required in **dealing with environmental demands**. It requires test taker's honesty & self awareness in order to be effective.
- 2) **Mayer, Salovey & Caruso Emotional Intelligence Test (MSC EIT):** It is an **ability measure** and therefore it is suited for measurement of the aptitudes that make the person emotionally intelligent. It is particularly used in situations, where response bias might **operate to dilute objectivity of the test**. It measures intellectual factors that influence Emotional Intelligence and over the years has proved to be very satisfactory instrument.
- 3) **Multifactor Emotional Intelligence Scale (MEIS):** An ability-based test in which test-takers perform tasks designed to assess their ability to perceive, identify, understand, and utilize emotions. It is based on Mayer, Salovey model of Emotional Intelligence. It yields **total intelligence score** (IQ + EQ). It has scores for each of four branches of Emotional Intelligence, namely
 - a) Emotional identification & perception.
 - b) Emotional understanding.
 - c) Emotional management.
 - d) Utilization of emotions.

It takes about 30 minutes to complete the test and 5 minutes to hand score. Test has detailed feedback booklet that explains test & scores to the clients. The test

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focuses on measurement of Emotional Intelligence though it also measures interaction between EI & IQ.

- 4) **MEIS (tm)**: It is the revised version of MEIS. Similarly to MEIS, this has been designed to measure 4 branches of Emotional Intelligence as given by Mayer & Salovey. It is useful in giving **information regarding career development**, planning, management development, leadership training & team effectiveness training. MEIS(tm) along with MEIS has been useful tool for general self education & knowledge.
- 5) **Seligman Attributional Style Questionnaire (SASQ)**: Originally designed as a screening test for a life insurance company, the SASQ measures optimism and pessimism.
- 6) **Emotional Competence Inventory (ECI)**: Based on an older instrument known as the Self-Assessment Questionnaire, the ECI involves having people who know the individual offer ratings of that person's abilities on a **number of different emotional competencies**.

Development of Emotional Intelligence:

Emotional Intelligence **can be developed if appropriate guidance & training is provided**. Therefore appropriate socialization that involves exposure to appropriate role models, opportunities to experiment & explore under condition of **unconditional positive regard** can help the individual to attain emotional control and develop Emotional Intelligence.

- 1) Encourage children to attend **personality development workshops**.
- 2) By serving as **good role models**.
- 3) By providing **reinforcement to achievement oriented behavior**.
- 4) By **exposing them to media programs** that are informative & educative.
- 5) By **reading to them stories** and making them read the stories that help to develop positive values.

Dille Hunt & Stone in their study found that **Emotional Intelligence can be developed by:**

- 1) **Developing stress tolerance capacity** through methods of **relaxation training & guided imagery**. It will cause **desensitization**. Even biofeedback is useful in developing stress tolerance.

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- 2) **Increasing individual's self acceptance** by helping him interpret his behavior in a positive light. **Positive self talk** is of enormous help in this regard.
- 3) **Self disclosure** can be facilitated by increasing individual's self awareness level & by creating in him the confidence that disclosure in no way will harm but strengthen his inter-personal relations.
- 4) By **encouraging taking own decisions and assume responsibility for them**. This helps in development of decision making capacity and taking strong decisions.
- 5) By providing the **individual assertiveness training**. It prevents individual from being misused by others. But remember line between aggression & assertion.
- 6) By **helping individual becoming introspective**. Introspection will lead to better knowledge of one's attitudes; values etc. and reduce discrepancy between attitude & behavior.
- 7) By **developing empathy by exposing to role models** with altruistic behavior and placing him in situations, where he is encouraged to take perspective of others and thus helping in better understanding of others' perspective.
- 8) By **helping to improve communication skills** as it will reduce scope of misunderstanding. It will help one to develop ability to understand verbal, non-verbal signals and synchronize various signals of others.

Grant has listed following steps

- 1) Developing the ability to control one's Impulses.
- 2) Developing ability to delay **gratification**.
- 3) Developing **Positive attitude**.
- 4) Developing the ability to read & interpret **social cues** effectively.
- 5) By developing the ability to **assess intensity of feelings of others**.
- 6) Developing one's ability for **greater stress tolerance** through meditation & exercises.
- 7) Teaching one to use **self talk** to handle the stress.

Stanford Marsh Mallow Experiment: —Walter Mischell conducted a series of studies on **ability to delay gratification**. He found that ability to delay gratification is **directly proportional to success in life**. In these studies, a child was offered a choice between one small reward (sometimes a marshmallow, but often a cookie or a pretzel, etc.) provided immediately or two small rewards if he or she waited until the experimenter returned after an absence of approximately 15 minutes.

4 years old children were given two options:

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- 1) Either to have one marsh mallow now and eat it.
- 2) Or have one marsh mallow now, and in case child can wait for 20 minutes and doesn't eat it, then he will be rewarded with one more marsh mallow.

In follow-up studies, the Mischel found that **children who were able to wait longer for the preferred rewards tended to have better life outcomes**, as measured by SAT scores, educational attainment, body mass index (BMI) and other life measures. Children, who had overcome eating marsh mallow immediately, developed into socially, emotionally & academically successful persons. **Self control at the age of four years was shown to be twice as powerful predictor of academic success than IQ.** In this experiment, ability to delay gratification was seen as master skill, a victory of reasoning brain over impulsive brain. Other researchers, who carried out longitudinal researches, have also found similar results. **Children who can delay gratification turn out to be more socially competent.**

Martin Yate found that **different professions required different amount of Emotional Intelligence.** High Emotional Intelligence is highly required in the fields of **Psychiatry, Social work and geriatrics** but High Emotional Intelligence is not so required in the professions of biochemist, botanists etc.

US Air force & Multi Health Systems (MHS) carried out study & found that EQ accounted for **45% of success** in sample of 1171 recruits studied worldwide. The best performing recruits scored high on empathy, initiative taking, optimism, inter personal relations & assertiveness.

In Manila University a study was conducted on 100 frontline bank employees consisting of 56 females and 44 males. They were administered EQ tests along with widely used IQ tests (cognitive intelligence tests). In addition to that there was independent performance review of each employee by his/her supervisor. It was found that IQ scores were quite unrelated to job performance as they accounted for less than 1% of evaluation, **EQ accounted for 27% of job performance.** The study shows that EQ is better predictor of job performance. So it is more important to have more stress on EQ for Selection.

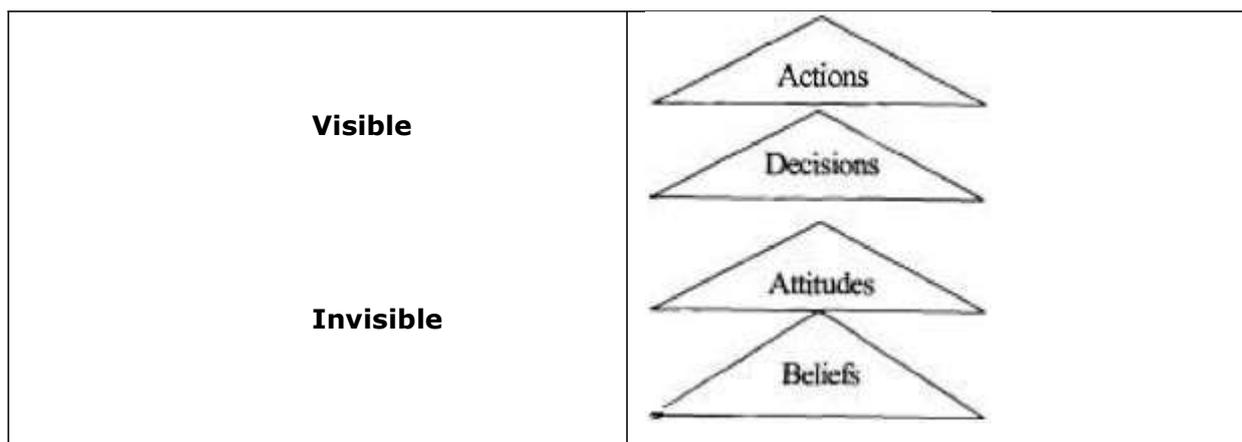
(THERE ARE SOME OTHER SECTIONS ON EMOTIONAL INTELLIGENCE COVERED IN ORIGINAL NOTES)

HUMAN VALUES

Human Values cannot be defined by one definition alone. Many educationists have attempted to define values. Values are defined as "the **principles and fundamental convictions** which act as general guides to behaviour, the standards by which particular actions are judged as good or desirable". A value is also defined as a **set of principles** which are consistent and inform and direct our thoughts, actions and activities. People grow and learn from life's experience, and this learning guides their behaviours. These **guides to behaviours** have been termed as values.

Values are the ideals which **give meaning to an individual's life**, shape behaviour and lend consistency to it. A **person's actions are informed by the beliefs**, which ultimately help in taking decisions about how they will live. It is important to progress from, "knowing the good to be desirable" to "desiring to do the good".

The relationship between values and actions can be explained through the **four layered pyramid**. In the four layered structure, the topmost layer is the **visible part**, which denotes the actions a person takes. These actions are just "the tip of the iceberg", which are the result of the **invisible factors** i.e. our beliefs, which affect the attitudes to the events around us and the decisions one takes to act, depending on our attitude. This is illustrated in the figure:



The common thread which runs through the above explanation is that **values have a rational and cognitive basis** which shapes the behaviour of individuals.

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Values flow from the highest of our own self. For each one of us, there are values rooted in the finest part of the self from where we radiate outwards. These values are an **inbuilt mechanism**, which distinguishes the right from the wrong, the Do's and Don'ts of any action, even when no one is looking. Values are **concerned with character and conduct** of a person and evaluate the voluntary and habitual actions of individuals with reference to their being right or wrong. They are **moral principles** or standards, which define what is right and good in human conduct.

There is another view on the values, that this self-managing mechanism is not intuitive, but it is **acquired from the environment** by continuous teaching and the behaviour of others, especially the **superior in age and status**, as perceived by an individual. We cannot deny the impact of environment, society and family on an individual for the values he imbibes. At the same time, we cannot deny the fact that the **source of values is within**, which guides one in making choice in acquisition of learning from the environment.

We can say that there are uniform (Universal) values inbuilt in each one of us. They flow out of the highest of our own self, our ultimate holistic potential. They **refer to our intrinsic humanness**. Individual or personal values vary to the extent one is conscious towards this inner source and the extent to which one tends to compromise with it in the given cultural environment and other compulsions. Thus **both the source within and the cultural environment are important for inculcation of values**.

Further **some degree of variance** is possible in value systems in different social environments, in which a person lives and acts- be it the family, the neighbourhood, the place of work, the community or the country at large. However, at the root of all the value systems, there are **certain Universal Values**, which are uniformly accepted. Such values lead to the **betterment of the entire humanity**. In the given culture, some deviations may come in the value-system due to the compulsions of the circumstances then prevailing. Such **deviations hold good in those circumstances and time only**, but do not hold good forever.

For example wearing of **five symbols of Sikhism** was made compulsory during the wartime in eighteenth century. **Marrying upto four women in Muslims** was allowed when male population had reduced drastically due to war. Such customs are not relevant in the modern times, but due to conditioning, they keep following the same practices. Many **social evils like untouchability, child marriage and caste-**

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system also become part of a value system. Thus none of the value systems is perfect in absolute terms. The **nearer a value system is to the Universal values**; the better it is in terms of virtues and righteousness. The deviations in the value systems only lead to conflicts and wars and are against human development.

There are **certain qualities/ emotions, which are accepted as Universal Human Values** such as non-violence, gratitude, humbleness, forgiveness, integrity, honesty, patience, innocence etc. **Personal values** are those principles, which govern our perceptions and action. For example the **terrorist attack on 11th September 2001 on the twin towers of the World Trade Center** at New York and Pentagon at Washington has shocked the world. Majority of the people who value peaceful life and non-injury would condemn the action, which has resulted in so much of damage to life and property. But the people who were behind the hijacking of the plane leading to the tragedy apparently had values of a different type. Those who are condemning the terrorist attack **probably value the peace in a society**, respect for life, not causing harm to innocent people as important values so that a society can peacefully progress. On the other hand, those who willfully caused the terrorist attack are derived by different set of values. Such values are **condemned by humanity** and are not desirable as they are purely destructive.

Thus the **set of traits as are not desirable** are greed, anger, envy, arrogance, vindictiveness and vanity etc. Such qualities or traits, **lead to destructive actions**. When practiced over a period of time, they build into habits. Desirable values derive a person to use his capabilities for positive actions, i.e. actions useful to humanity (and not self alone), while the **undesirable values derive them for negative actions**, which may result in his own benefit or fulfillment of desire, but are in a long run harmful to both the society and the doer. Values guide us in deciding what is to be done and also the means that should be used for such action.

Values are universal, absolute and **beyond the situational, cultural, race and creed disparities**. Our **outer behaviour reflects how far we abide by this inner value-system**. We can say that whatever our conduct ought to be when we are in tune with this inner source is what we term as Ethics. The more our conduct is in consonance with the inner values, the better composed and integrated our personality is.

To be of good character is a lofty goal, but how can we define good character? Obviously there is **no universally accepted answer** to this question. Good

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character is defined by people differently based on their individual, cultural, social and familial beliefs. Our character is comprised of our **moral and ethical decisions and behavior**, based on our beliefs and values. Our values are determined by our character. Our feelings are determined by our thoughts; our thoughts are determined by our beliefs.

When, where and how is character developed? **Character development begins in early childhood.** In those first years of life we are taught right from wrong, to **feel empathy for others** who are suffering and to feel guilt when we do something wrong or hurt others. We also develop our values during those early years. A child learns to value behaviors that are believed to be held in high regard by others around him or her. Those behaviors and beliefs that are thought to please others are repeated, and become an intricate part of who we are. We determine **which beliefs and values are acceptable** by mimicking the behavior and following the thinking of those who influence us. These are the **outward manifestations and processes** of their values and beliefs.

Values provide a **framework for making choices between desirable and undesirable responses.** Values also refer to priorities that an individual assigns to multiplicity of goals. It thus **provides direction** to and determines intensity of individual responses. Stronger the value system more intense will be the action in pursuit of that value. In order for organisation to achieve **unity of action** amongst diverse employees it is imperative for them to **articulate core values** and seek adherence to those values by individuals. The core values of an organisation are derived from the vision and expectations of strategic stakeholders.

As organisations struggle to survive in a highly **uncertain and turbulent environment**, they have no option but to carve out a space for themselves in the global economic order. Organisation cannot longer afford to remain **passive recipient of environmental forces**; instead their sustainable growth will depend on becoming active agents in **transforming the environment** to make it conducive to give expression to their ideas and intentions. It is these compulsions that have led most organisations to develop vision and articulate a set of values providing focus to their responses to the demands of internal and external stakeholders.

One of the challenges faced by **organizations functioning in the global economy** is to maintain its core values despite the differences in respective local cultures in areas of its operation. The organisation's core values may not be congruent

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with the **existing societal value system** thereby necessitating special drive in upholding its core values. For example, most **multinationals** working in India will have service orientation as an important core value that they attach importance to. However, in India due to the **legacy of the bureaucratic regime** and state controlled economy, service orientation as a value is not attached the same importance as is required in a globally competitive environment.

VALUES IN ADMINISTRATION

When we talk about administration, we have in our mind the Public Administration only. Invariably it has to do everything with the whole Government set up and its variety of activities. All these activities are undertaken to provide **all types of social, economical, and utility services** to its citizens for the all round development of the people. Not only this, Administration is required to have **capability of acquiring a sustained growth** and to cope with new continuous change towards the achievement of progressive political, economical and social objectives, thus leading to National building.

We hardly find any activity, which does not fall within the sphere of administration. One word, which is now becoming increasingly popular, is Governance. Governance is what the Government does. Basically, **good Public Administration can only lead to good governance.** The success or failure of activities of the state depends upon the proper execution of national plans and programmes. No plan, howsoever, good it may be, can be successful without **clean, efficient and impartial Administration.** However, today we find ourselves to be a part of the administration, which is neither clean nor impartial. We find **corrupt practices, low morale, favoritism, culture of high consumerism, casteism, and nepotism** all around us. To an extent, we are also part of it. That is why we could not progress in all walks of life, the way we should have.

In the organisation, we are laying **much stress on skills-development**, which of course is required to keep pace with the changing technology and requirements. At the same time, efforts to some extent are also being made to **develop positive attitude of the government officials** towards the desired acts and behaviours. However, little is achieved through all the efforts made in this direction. Today, we find **lot of gap between theory and practice**, belief and action. This gap leads to **hypocrisy.** This contradiction leads to tensions and stress in the society. The contradiction between our thought and practice fetters us. We are able to realise what is

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ethically wrong and wish to remove it. But our own doings fail it. According to Gandhi, **social development** must aim at removing as far as possible this contradiction.

Present day administration and politics widely acknowledge that **corruption and power abuse weaken the nation**. The obvious solution is better, more transparent and accountable administration. Such an administration can be trustworthy only when it is based on **deeply felt human values**. Unless values are inculcated within human beings, their **attitude and behaviour** cannot be changed through superficial efforts. Our national leaders were conscious of this felt need and had been emphasising the human values. If **sound, positive, noble human values** are nurtured within the process of human development, ethical behaviour tends to become natural, spontaneous and almost instinctive. Such values only can lead to Good governance. Shri **Rajagopalachari** has thus observed:

“National character is the keystone on which rests the fate and future of our public affairs, not this or that ism”

Therefore, Inculcating Values rather than Ethics is becoming a global concern now a day. **Real transformation as a human being** can only bring about a sustainable impact towards Good-Governance. Human beings only are the **real goal of all developmental activities**. The physical amenities and prosperity achieved through various measures is meaningless if the human beings are not able to ascent from the **primitive instincts**. While Ethics can ensure outer desired behaviours, they create a **mismatch and conflict within the doer**, if his/her inner disposition is not consistent with the act. Thus we can impose certain rules, codes of conduct **superficially only**; which will be followed under given compulsions, apparently meeting the requirements. But they may be broken the moment these compulsions are no more.

However, **if sound values are inculcated within**, the action outside becomes **voluntary, spontaneous and self-motivated**. Naturally, such actions will be much more effective, humane and wholesome in nature. Thus there is a need to emphasise on **values of individual**, as organizational values always derive from individual values. Individual is the foundation of a group, a society or a country as a whole. Our **great modern thinkers** like Tagore, Vivekananda and Gandhi have devoted their lives to the betterment of our society. They always emphasized **purity and strength of human character**.

Values transformation is an experiential process. The Indian

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concepts give intellectual clarity, while mind- stilling exercises offer a practical basis for **right kind of emotional development**, which is more critical for human values. The normal outgoing tendencies in a man, which tend to land him in a mess, is balanced with a **harmonizing inward journey**. Effort is also made to blend conceptual insights with the practical issues of value-based human response in organizations.

WHERE TO START NOW?

The question thus arises from where should we start now? **Swami Vivekananda** explains: **This world is like a dog's curly tail**, and people have been striving to straighten it out for hundreds of years. But when they let it go, it curls up again. How could it be otherwise? So we should always remember the instance of the curly tail of the dog. We need not worry or make ourselves sleepless about the world. It will go on without each of us. Our worries will not help it. But when we stop worrying about the world, then alone will we be able to work well. **It is the level-headed man, the calm man of good judgement and cool nerves, of great sympathy and love, who does good work and so does good to himself.** The one who is complaining all the time is foolish and has no sympathy. He can never straighten out the world, nor can he improve himself.

Many a times we do have the ideas for **how the things can improve**. But we are not really able to help them out, as everything is not in our control. We feel concerned with number of issues and happening all around us, but **we have no control over them**. This is what we call „**area of concern**“. Still there is a small area, be it very small, but this is the area, where **we can really do something**. We have an influence and it is in our individual control. That is our „**area of influence**“. This is the area where we can really make an impact. It may be too small and of little importance, when viewed with reference to the whole gamut, but this area alone is of utmost importance to each of us individually.

How? If we put our energies to the area of concern the net result is not only zero but goes in minus, because nothing is achieved and we are left most dissatisfied. However, if we withdraw our energies from all this big „**area of concern**“ and **apply them in our „area of influence“**; definitely a **positive impact will be made**, giving satisfaction. While the energy wasted in „**my area of concern**“ has the impact of reducing „**my area of influence**“, the energy utilized in „**my area of influence**“ will result in increasing this area. Slowly and slowly, this area will grow, which means our influence will start increasing. This area of influence only is our respective **Zone of**

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Discretion.

The message is very clear. **We can start from our own self only**, without looking at what others around are doing and how. This may be coupled with a positive attitude towards the world, which is explained as a curly tail of dog. In other words **we should not reject the world, but accept it the way it is**. Thus in every situation where we are required to perform or act; we should not get upset by the various problems created by the systems and people around; but accept and visualize calmly the whole situations/ conditions/ problems around and think: „**Given the situation what best can I do and how?**“

One may question, **why should I as a person be interested in values?** The basic answer to this is 'for my own personal development because, I want to become more peaceful and integrated person; for getting relief from day to day tensions'. This is a kind of selfishness, which primarily helps me and in course of time, goes to help others in the family, society, organisation and the nation on the whole.

Thus: Σ individuals = Organisation.

INDIAN INSIGHTS

In our work situations, the **organisational behaviour theories of the west guide us**. As is obvious, these theories and practices which deal with only one-ninth of the Indian population while the **eight-ninth of the Indian population is traditional (normative)**. The men in the fields of India are guided by the insights embedded in the **structure of Indian thoughts**. Thus the western thoughts have not been able to lead us much ahead. It is important to **look into our own Indian thought** and find solutions therein. The Indian philosophy has set the ultimate goals for humans and Indian psychology provides practical methods in graded steps to march towards these goals.

Doubts may arise as to whether it is possible to progress and achieve the desired **results by following the Indian thoughts** and practices; and also whether it is possible to practically work on those principles in the today's scenario. We need to look into the **Indian history** and in the times when it was known as **Golden Bird** (sone ki chidia) for all its prosperity and richness. The credit goes to all the saintly kings, from king Janaka to Ashoka, Akbar, Harshabardhan and the like; who had **put into practice human values ideology as given in Vedanta** and the other ancient Indian thoughts.

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Our **leaders like Tagore and Gandhi** have lived the human values like purity and holiness, non-violence and moral courage. Gandhi forcefully and convincingly demonstrated the power of spirit over material things. Coming to the **present times**; we see all over the world that even the most developed countries as are at the top of materialism have started realising that **material prosperity is not development of Human beings in true sense**. A realization has now come that unless we are developed as **better human beings**; other forms of development have no meaning. From USA to UK, Indonesia and Malaysia to the Philippines, **serious attention is being devoted to religion in order to revive human values**.

In Indian organisations, both private and public, a realisation has come that **value based management and administration** only can save us from the adverse consequences of the present situation. Unless **all the individuals** who work for an organisation imbibe these values, both in theory and practice, the system cannot change.

Our **Indian Insights** have the answer to this in purification of mind. Values emerge spontaneously and effectively only from a purified mind. The basic Indian goal of **self-transformation towards a more refined spiritual consciousness and purer mind** with its many paths and practices are more pertinent to many of the issues and problems of Indian Administration than the current western models. To quote **C. Rajagopalachari**:

"**National character**, again, depends on and in fact is individual rectitude. Movements for the encouragement of personal rectitude, for purifying individual character, are therefore not irrelevant in the context of politics but are vitally connected with our hopes in respect of national affairs".

Meditation provides us an opportunity to withdraw for a time being from the outer world and be with our **inner source of values**, the highest and the finest part of our own self. It also gives us a **chance to introspect our own acts and deeds** and rectify them by changing our thought process, withdrawing our mind from the vicious thinking and applying it in accordance with this higher source of values. This leads to purification of mind. Thus the effort to apply **right thought for right actions** in the organisation can only slowly go to improve our administration. Such an effort then goes to have a multiplier effect.

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HOLISTIC COMPETENCE

This **journey towards imbibing values** (and not only discussing them) is based on ancient Indian classical work in the area of philosophy and psychology. Unlike in other countries where these two are dealt as separate subjects the Indian **psycho-philosophy developed together**. The deep philosophical outputs are dealt with psychological experiences, which help the seeker to internalise them. They enable the learner to learn **how to put into practice** these rich thoughts so as to enhance practical effectiveness.

Such value based competence is much more efficient than the Professional competence. **Professional competence** is based only on **development of skills** and do not take care of means and thus the results are more visible and immediate, but are short lived as the approach is not holistic. As against these, when the **skills combined with values** are used in wholesome manner, they result in long-term gains, though **for a short-term it may be painful** or more demanding. Skills, which are not value-based, may often be misused. Thus in a long-term they are the failure. One has to chose between '**short-term gain and long-term pain**' or 'short-term pain and long-term gain'. In value based skill development, we expand the definition of success, making it **long-term, sustainable and wholesome**. Such value-based skill development leads to 'Existential or Holistic Competence'.

While about **50 years back**, development of such existential competence was imparted in natural way in the **family, society and educational institutions**. **With increase in materialism**, we have started chasing the worldly things, thus withdrawing our attention from consideration if our actions are morally sound or not. Moral education has slowly been taken away. That is why today many of the successful persons are apparently successful, but are not real winners within themselves. **Existential competence** ensures both the success outside and survival within. The **success of Japan** is based on values similar to Indians, using **seishin kyooiku** (Spiritual education) to counter the evils of industrialization and integrating the family values into management of organisations.

VISION AND VALUES

Vision provides a conceptual framework for **understanding organisation purpose**; it serves as a guiding philosophy defining the **core values and beliefs** that drive the organisation. It usually has **emotional appeal** that is

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inspirational and enduring. A vision statement defines the perpetual purpose of the organisation that is relevant and applicable for all times rather than describing what the organisation currently does. A classic example is **Dhirubhai Ambani's vision** of "making a telephone call cheaper than a post-card in India". It is towards realisation of this vision that Reliance Infocom has entered the Telecom sector in a big way to provide this facility in un-reachable and remote areas of the country.

Vision incorporates different aspects of **purposefulness of the organisation** such as customer orientation and employee focus, it outlines standards of excellence for the organisation and delineates organisational competencies. The vision statement serves as an anchor and provides **unified direction and focus** organisation to survive in an increasingly turbulent environment. An exciting, challenging and excellence centered vision gives a sense of pride to the organisation members as they are able to identify themselves and work towards the attainment of the overall objectives of the organisation.

Values are derived from the **basic assumptions** held by a group of people about themselves, others and the world. Values provide a framework enabling individuals to **prioritise their actions**, make a choice of options, determine preferred ways of responding and distinguishing between **desirable and undesirable response**. Values thus affect all our decisions and actions and have a self prophetic impact on our being. Given its significance, it is obvious that **unity of action amongst employees** towards the common purposes of the organisation cannot be achieved unless they adhere to a common set of values.

Values operate at least at **three levels**: individual, socio-cultural and organisational levels. **Individuals** belonging to the same socio-cultural milieu may differ in terms of their value system. At individual level, value tends to differ in, term of their importance and intensity. Every individual therefore develops a hierarchy of values. **Socio-cultural value systems** are derived from the basic belief about the nature of society and its relationship with environment. It has its historical roots in cultural traditions of the society and in its triumphs and trials. Likewise **organisation** designed by people develops their own value system arising primarily cut of compulsions to survive as a viable entity.

VALUES AND ATTITUDES

Values are expressed in terms of attitudes which in turn provide

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direction to one's responses. For example, a Professor who believes strongly in the work ethic will tend to express attitudes towards a student and methods of studies as a means of reflecting this value. It is not uncommon to hear managers making statements such as "there is no substitute to hard work in this organisation. It is the hard work which has helped the organisation achieve new heights everyone is expected to follow this ethics".

In **pre-liberalisation era**, value system in organisations grew primarily out of the societal value system making the organisations microcosms of larger society. In the current and emergent scenario, organisations need to make deliberate choice with regard to **developing value systems** which would enable them to gain and maintain competitive edge. Most organisations therefore **articulate core values** such as quality, customer satisfaction, environmental protection, employees' development, human dignity and respect, technological development, social responsibility, etc. Core values that organisations seek to pursue may be at variance with the societal value system as also the **value profile of individual employees** as organisations expand their activities across national and regional boundaries.

Most organisations articulate certain core values that **must be adhered to by the employees**. Identification with these values by the employees is significant as it becomes a **substitute for sacrifices made by them** by virtue of their membership in the organisation. Employees learn to accept these values and start believing that the organisation will not do anything that would hurt them. The personal costs of working long hours, meeting strict deadlines and the like are overcome by **adhering to higher human values** such as serving the community or the society with high quality products and services.

Core values developed by the organisation must be **internalised by organisation members** so as to bridge the gap between value system of the individuals and the collectivity. In the **absence of conscious effort** to develop shared value system, the employees will continue to adhere to their archaic value system derived from the old assumptions, or by the pre-dominant value system prevalent in their social cultural milieu. In either case, the **organisation will not be able to optimally channelise the energies** and efforts of its members towards purposive action.

Although organisations have been **quick to realise the significance of value driven responses**, and have thus articulated their core values, adherence/

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internalisation of those values on the part of the employees **still remains an illusion**. Because of abstract nature of values, employees often find it difficult to give concrete shape and translate the values in their day to day activity, divided as they are along the lines of function, hierarchical levels, nature of product and services. It is advisable therefore **within the overall framework of the corporate value system**, every department, every function and identifiable product or service group must develop operational values relevant to the demands of their task and their respective contexts.

VALUES AND EMOTIONS

He is (feeling) jealous. I am (feeling) angry.

My heart filled with (the feeling of) gratitude.

We should have (the emotion of) universal brotherhood.

In all the above sentences, we are **talking about feelings**, which are much more linked with heart than brain. Values have much to do with emotions. A computer, which is **artificial intelligence**, is devoid of all these feelings. Let us have a look at the following two domains of emotions:

<u>Domain A</u>	<u>Domain B</u>
Compassion	Greed
Gratitude	Anger
Humanity	Arrogance
Patience	Envy
Selflessness	Jealousy
Sincerity	Vanity
Honesty	Lust
Integrity	Vindictiveness

We do have sense of the values in both of these domains. We feel **comfortable in the ambience of emotions given in domain A** and are uncomfortable in the atmosphere filled with emotions given in domain B. There is affluence in the quality of emotions in domain A. They have a **sense of fulfillment** and have positive vibrations. We call them positive values or Human-values. Thus for values-orientation (change/transformation), we have to work on emotions. On the one hand we have to develop/ imbibe positive values and at the same time we should be aware of our negative emotions also, so that we can work them out.

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Impact of both emotions and intellect can be positive or negative. When an emotion has a **virtuous basis**, e.g. compassion for the unhappy, it can inspire the intellect to act usefully, but when an emotion is vicious, e.g. envy, it can drive the intellect to act destructively. **Emotion is indeed the motive power behind intellect.** This is what must have promoted:

1. **Einstein** to declare: ‘And certainly we should take care not to make intellect our God... The intellect has a sharp eye for methods and tools, but is blind to ends and values’.
2. **Russell** to warn: ‘Science is no substitute for virtue.... If men were rational in their conduct... intelligence would be enough to make the world a paradise..... But men are actuated by passions which distort their view...That is why the heart is as important as the head... Where they (kindly impulses of the heart) are absent, science only makes man more cleverly diabolic.’
3. **Vivekananda** to affirm: ‘But the professor is bound by his intellect, and he can be a devil and an intellectual at the same time; but the man of heart can never be a devil; no man with emotion was a devil.’
4. **Toynbee** to detect: ‘The effect emotion exerts on human actions is as strong as- perhaps stronger than- that of reason. Consequently, emotion can get the upper hand and suppress theoretical knowledge, which is dependent on reason’.

Our **Indian psychology** lays emphasis on **chitta-shuddhi**, i.e. **purification of heart** or hridaya-vritti as the more important and prior requirement in human development. The **edifice of intellect or buddhi-vritti** can be safely mounted only on such a base of pure heart only. We are lately talking of emotional and spiritual intelligence because we are now able to realise their importance in the human development in real terms.

POWER OF BRAIN

Neuropsychology in West today has rediscovered the truth that the human brain has **two distinct** but complementary powers. These are:

I: Rational, Sequential, logical, Segmented, Inductive, Analytical.

II: Emotional, Spatial, Synthetic, Impulsive, Intuitive, and Holistic.

The **first set**, according to them is confined to the **left hemisphere of the brain**, and the second to the right. Now, the **modern knowledge-oriented**

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educational system puts exclusive emphasis on the development of the left hemispheric powers of the brain. There is much more emphasis on development of analytical, logical and rational powers of the brain, while the development of emotional, intuitive and holistic powers of **right hemisphere of brain is almost totally neglected**.

Many really creative persons or genuine entrepreneurs are usually found to be comparatively **less formally educated**, or have somehow been able to retain their **natural intuitive capacity** even in the face of awesome analytical atmosphere. **JRD Tata, Rabindranath Tagore, Aristotle, Shakespeare and John Keats** had negligible formal education. Pure intuition was their prime asset. The original ideas and hypothesis of the greatest scientists too are intuitive flashes of pure consciousness in the first place. While **logic**, intellect and reasoning can help us to **see what is wrong and what is right**, it does not give us capability to shun what is wrong and pursue/follow that is right.

When we say feelings we automatically link them with heart. Thus **purification of heart** (chitta-shuddhi) is required for inculcating Human Values. A **consistent effort through introspection** for transformation of emotions from present state to noble emotion is required. Mind-stilling exercise or **meditation** (Dhyana) helps in self-introspection and transformation.

1. As **Christ** Says: **Blessed are those who are pure in heart.**
2. **Sri Aurobindo**: An unpurified heart, an unpurified senses, an unpurified life confuse the understanding, disturb its data, distort its conclusions, darken its seeing, misapply its knowledge. So the power of brain is pure heart, or pure character.

ROLE OF EDUCATIONAL INSTITUTIONS IN INCULCATING VALUES

There is a growing concern in recent times about teaching values through the institution of school. It is also very well accepted that **whatever the teachers do** inside and outside the classroom, their **covert and overt behaviours**, have a definite impact on the students' mind. This ultimately has a bearing on the quality of education imparted to the students. A large number of research studies in education have supported the idea that the **school and its teachers are instrumental** in the formation and transformation of values among the students, at every level of school education. **Teachers have to make deliberate efforts** to transform the learning of values to value education of the children. This implies that **teachers have to adopt**

certain theories, principles, viewpoints to inculcate values. These strategies adopted by teachers are termed as **models of value education**.

Teachers have a crucial role to play, through selected **pedagogical practices** (planned and unplanned), to inculcate values in the students. **What** (curriculum) and **how** (pedagogy) of teaching, are important considerations for inculcation of values in students. Let us examine some models of value education and have some understanding of the term 'values'. These will help us understanding **what role an educational institution can play** in inculcating values:

Rationale Building Model

This model focuses on the definition of values, types of values, how teachers take value or moral decisions in class and how teachers guide students in developing the ability for critical thinking in dealing with moral issues. It **describes values as standards or principles for judging worth**. They are the criteria for judging people, ideas, actions, objects, situations, and events. These can be **good and desirable** or **bad and undesirable** or somewhere in between.

As per this model, **values can be explained, analyzed and compared** with other values. For example, **punctuality** is a value and not a feeling which can be compared with others. Also the values are **reflected through our decisions and actions** and exist in the mind independent of ourselves or our awareness. For example, you may value **cleanliness** but not practice it always. Further the **values are not absolute but exist on a continuum** with two extremes. For example a person cannot be honest always or dishonest all the time. A person's behaviour may vary across a continuum of which honesty and dishonesty are the two extremes.

Further there is a difference between a **value and value judgement**. We make a value judgement on the basis of a value. For example when a parent tells his child to **keep the house clean**, it is a value judgement, based on the value of cleanliness which emerges from paternal authority. Other criteria for supporting a value judgement can be **social order or institutional authority**. Values cannot be understood in isolation, as they are **part of an entire value system** and one value has a bearing on the other. They are to be understood as **interlocking parts of a total value network** rather than as self-contained units.

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For example, the values of liberty and equality **impinge on each other**. The **value of liberty** allows the individual to exercise self expression and freedom. The **value of equality** guarantees the individual same access to public commodities. Now the value of equality can have a limiting effect on the value of liberty. For example, when we say that **socially a physically disadvantaged child** should be given preferential treatment; it restricts the access of educational opportunities of the normal.

This model emphasizes the **moral value of human dignity**. He believes that it is the basic value which **sustains a democratic society**. Democratic principles are founded on the value of human dignity, i.e. **respect of individuals**, and their rights to freedom, self-determination, and decision-making. It implies that **all human beings are autonomous** and have the right for decision making. Hence a teacher also must inculcate this value among the students by enabling them to think as per their free will and take decisions based on their own logic and rationale. This way a teacher will **develop essential democratic values in the students** and help them to achieve the fundamental purpose of education, i.e. the ability to think and act rationally

Consideration Model

Rationale building model emphasizes the concepts of reasoning, judgment and rational thinking based on values. It looks at different forms of morality. However it is important to examine values like honesty, punctuality, cooperation in relation to the others and the **situation in totality** in which the act is performed. Consideration Model **takes into account a person's life style** when relating to the self and others around. The basis of this model is the belief that **living for others is truly the essence of life**. Such an attitude will keep the individual away from all negative tendencies like hatred, distrust, ego-centricism, selfishness, narcissism etc. It will cultivate in him/her the **desire to work for others** and derive a sense of reward that will **motivate the individuals to "give and receive love**, respect and dignity of the self and others".

This model gives a "**Teacher's Guide to Lifeline**", entitled "Learning to Care". This was based on an intensive study of **adolescent student's need**. On the basis of this study a common view of the good and bad values was evolved. The students were asked to cite such incidents when they were treated nicely and those when they were treated badly by adults. They observed that **positive incidents showed a consideration for others** and was categorized as good treatment. For example **shared responsibility** was taken as a good value & domination as a bad one.

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The **fundamental human need is to get along with others**, to love and to be loved. The findings also brought to focus that most students admired the values of **consistent behaviours** (i.e. practicing what was preached) and could discriminate between **dogma and conviction and firmness** and stubbornness. The study concluded that values are learned by **observing how others behave with us** and also how we relate to others. **Caring for others** is the most important value to be learned, and for this he emphasizes observational learning and social modeling.

Value Clarification Model

The value clarification model is based on a premise which **opposes the method of indoctrination** as an approach to value education. It has also been discussed earlier that **values cannot be considered as fixed entities** or universal truths but rather as changing and evolving under different circumstances.

Students are required to make **many value choices and value decisions**, considering the democratic set up in which they live. The **influence of home, school, peers and society**, tend to create in them confusion and conflict when they are to make a choice of value or a value judgment. However, students do also imbibe values through the **unstated or hidden curriculum**, and this often leads them into a confused state while taking value decisions. The model aims to minimize the confusion and promote value choices through a process called "**valuing process**".

The "Valuing Process" focuses on the **use of reason in determination of values** as opposed to the process of indoctrination. There are **four key elements** underlying the valuing process. These are explained below as:

- i **Focus on life**: Students are required to focus on relevant life issues and understand how their personal choices reflect their hierarchy of values.
- ii. **Accepting What is**: Students should be encouraged to accept themselves and the situation around them and be honest with themselves.
- iii **An Invitation to Reflect further**: Once the student accepts the self and the surroundings situation, they should be encouraged to reflect on the values they have accepted. The teacher can further strengthen the choices made by providing more awareness of what the person cherishes and prizes in their routine activities.
- iv **Nourishment of Personal Power**: through the repeated process of value clarification, the individual gains a sense of personal direction of fulfillment.

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According to this approach, if individuals are clear about the relationship between themselves and the society, then they **develop positive values and display consistent behaviour**. Those who are confused about their position and understanding of self, such individuals show negative attributes like being indifferent over conforming or display inconsistent behaviour patterns. The value clarification model is an approach that provides an **educational solution to reduce value confusions** through the valuing process.

Value Analysis Model

Value Analysis Approach resembles the Rationale Building Approach, since "both focuses on the **philosophic underpinnings of value education** both appreciate centrality of conflict in making decisions about values and both tend to emphasize the controversial public issues". The major difference in the two models is that the value analysis model **emphasizes pedagogy**. In this approach students learn the process of making moral decisions by proceeding in a systematic manner.

Value Analysis Model believes that in **value criteria**, values are ascribed to a given class of conditions. For example, it is wrong to speak lies, kill, or cheat etc. but the same value criterion may not apply in all circumstances. For example deceiving others may be right when it is a question of saving a life or when larger interests of a country (like its security) are at stake. Hence a **value criterion may not be equally valid** in all the circumstances, all the time.

Value criteria give positive or negative "valences" to facts. He has cited the example of **euthanasia** (mercy killing). It is accepted that 'killing is wrong'. This attaches a negative valence to the fact that euthanasia involves killing. Here a negative evaluation of the act of euthanasia is involved hence decision becomes difficult. The evaluators need to balance the positive and negative facts, before taking decisions. The task becomes difficult when **conflicting principles or valences** become associated with the object or facts. For example proposition of the **US withdrawing from war in Vietnam**. A nation ought not to be involved in a civil to save a country from repressive government if that involvement increases the level of lulling in war and diverts the nation's attention from pressing social problems.

ARE HUMAN VALUES OBJECTIVE OR SUBJECTIVE

The debate is mainly centered on the question **if human values are objective or determined by subjective factors** like culture and society. The question that we will pose now is to know if there are **objective morals values**. Those who say 'yes' are known as **moral objectivists** in philosophy. Those who say 'no' are the **anti-objectivists or subjectivists**. But what do we understand by "objective" values? In order to understand this, it is useful to make a distinction, concerning values, between the **model of perception** and the **model of the taste**.

According to the **model of perception** defended by the objectivists, **something is desired or approved, because it has a value**. There are things in the world which have values and it is of this fact that we desire them. According to the **model of taste** upheld the subjectivists is the good, **a thing has a value because it is desired**. It is desire that gives foundation to value. Indeed, the partisans of these two models agree on the fact that there is a **logical equivalence** between desires and values: it is commonsense to say that **we prefer good to evil**, that we do not like that which has a negative but like that which has a positive value. If something is desired, it has a positive value for the one who desires it and if something has a positive value; it is desired by the one who apprehends it. It would then be conceptually inconsistent to say that one desires something that has a negative value.

If one admits this equivalence between desire and value, then the task is to know **which of the two is most fundamental**. For the partisans of the model of perception, **value is more fundamental** than desire, while for the partisans of the model taste, **desire is more fundamental** than value. It is to be noted that desire should not be understood in a very narrow sense of the term, but it should be understood largely so as to include preference, approval, appreciation, emotion, etc. The idea is that we have a **pro-attitude** in relation to something if and only if we **attribute a positive value to it**.

Let us then try to define **objective value**: A value is objective if it is **more fundamental than the pro-attitudes** in relation to it, i.e., if it exists independently of our desires, preferences, emotions etc. **Anti-objectivist approach to ethics** denies that there are objective values or norms. We tend to think that infanticide is bad placing it on equal parlance with "snow is white". This is precisely what the anti-objectivists reject: not that they hold infanticide as good. For them, infanticide *in itself* is neither good; it is not independent of our pro-attitudes.

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Anti-objectivism adopts a position which may be called **relativism**, in a large sense of the term. Relativism is a thesis which holds that **values depend on individual or collective attitude towards them**. We have already seen that values are often **classified into three types**: epistemic values (true, false), aesthetic values (beautiful, ugly) and ethical values (good, bad). There are also three corresponding types of relativism. Epistemic relativism holds that the claim of truth value of statements depend on individuals or group. Aesthetic relativism holds that what is beautiful or ugly depends on people or cultures. **Moral relativism**, which is of interest to us here, supports that **what is good or bad depends on individuals or cultural groups**.

CASE STUDIES

- 1. You belong to a middle class family looking badly for a job. Due to global financial crisis, you could not find any employment since last one year. After a lot of efforts, you got an interview call from a good company. While going for interview, you found a motor cyclist who has met a serious accident with a truck and he is struggling for life. None of the persons is ready to help the victim for fear of police. It is expected that if someone takes him to hospital immediately, his life will be saved. What will you do and why?**

Line of thinking:

- Nothing is more important than saving a life- this is the most prominent human value.
 - However, securing a livelihood is very important for you.
 - You must first call police, ask for the help from the on-lookers, and try everything possible if a help could come.
 - In case you fail to get help, you must take the victim to hospital. Call the family/ relatives of the victim if you could secure their numbers.
 - After admitting the victim, you must go for interview.
 - If you are late, you can narrate the story to the interviewer. Your action will definitely be appreciated.
 - If it is not appreciated or you don't get the chance to appear in interview, you must be happy that you have done something much bigger than just a livelihood.
 - Remember that you will get ample chances to appear for interviews, but the life that you helped couldn't get another if you didn't help it.
-
- 2. You are an artist. You created some piece of work and want to get it copyright/ patented. After completing all your formalities, you submit it to the competent authority for granting you the same. Even after the expiry of one year beyond the prescribed period of grant of copyright, you did not get**

your work copyright. You went to the concerned person asking for the reasons for not granting the same, but you couldn't get any concrete reply. You could smell that the concerned officer wants to take some bribe but is not directly asking for it. What will you do?

Line of thinking:

- a. This is a common practice in government offices.
 - b. There is no need to panic or take any action in haste.
 - c. As there is specific time for grant of such approvals, the best way available with you is write an application under Right to Information.
 - d. There is a designated officer in every department to accept such applications. Your application cannot be denied by him.
 - e. You ask for the reasons for delay of approval in the application.
 - f. You will get reply in 30 days. If the reasons are due to some technical issues, you can resolve them; otherwise they are bound to give you approval.
 - g. In case you don't get a proper reply, you can approach the higher authorities.
- 3. You are an officer in-charge of a delegation which went for the inspection of a flood devastated area in Uttarakhand. You come across a huge no. of pilgrims and tourists who are caught there due to complete failure of the road network. You also found dead bodies floating in the river, and the broken parts of bodies scattered here and there. The people are in extreme trauma. Once you reach close to a group of people to ask about their problems, they start abusing you and the administration. What will be your reaction to the situation and what will you do to improve the situation there?**

Line of thinking:

- a. Such disasters create huge trauma among people who generally lose their near and dear ones and suffer due to inadequate facilities.
- b. The anger among people is natural.

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- c. Such times require you to behave in a highly emotionally mature manner. Emotional intelligence has a major role to play here.
 - d. Even if the people are using unacceptable language, you need to show a high degree of patience so that the crowd does not take the shape of a mob and create greater law and order problem.
 - e. You need to associate yourself with the suffering majority so that they must feel that you have a concern for them.
 - f. You must put best step forward to resolve their problems as much as you can.
 - g. If you are able to feel their problems, you will definitely be able to motivate them to participate in government efforts and help themselves.
 - h. Don't forget, such traumatic situations are the testing times for those having authorities.
4. **You are an upright IAS officer with high ethical values. You are married to a woman who is extremely extravagant. Your salary is sufficient only to fulfill your everyday needs. This has created an unhealthy atmosphere at your home. Despite your constant efforts to convince her, she does not understand your position. The everyday fights at home have started affecting your performance at office, making you irritated all the time. You don't want to compromise on your values, yet you are finding yourself helpless. What will you do?**

Line of thinking:

- a. This kind of situation is faced by a huge number of people in civil services, especially since last 20 years after the advent of materialism and consumerism in Indian society.
- b. This has also become one of the major reasons for corruption in the services as people take bribe to fulfill their desires.
- c. This requires a high degree of patience and maturity on your part to ensure that while you don't compromise your values; your relations at home are healthy too.

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- d. You must encourage her to work and earn something for herself apart from what you earn. It will make her understand the value of money and keep her busy in her work.
 - e. You need to involve your families to make her understand your limitations. Consulting a psychologist can also help.
 - f. You must also make efforts to take her to some yoga camps or religious events or may ask to follow some religious gurus whose sermons help people to become less materialistic.
 - g. Gifting her some books of moral philosophers like Vivekananda or Gandhi can also help her lot to understand the true meaning of life.
 - h. Finally, in case all your efforts have failed, you may ask her for divorce so that the values of both of you are not compromised. However it must be the last option left with you.
5. **You are a team leader of a construction project having a supervisor and some labour under you. Another colleague of yours is handling a similar project with similar team under him. The supervisor under you is highly hard working and result oriented, and he has exceeded your expectations at work; however, he is habitual of taking petty commissions (*hafta*) from the labour. Your other colleague is jealous of the performance of your team and he has made the commission taken by your subordinate as a big issue in front of the senior management. How will you handle this situation?**

Line of thinking:

- a. Getting good people who are committed to work and are results oriented is very difficult. You need to protect you supervisor.
- b. Ethically, taking commissions form labour is wrong and must not be allowed under any circumstances.
- c. If your supervisor is taking it out of shear habit, then you must make him understand that this habit is wrong and it will hamper his creditability in long run. You must tell him the importance of integrity in life.

- d. If he is taking the commissions due to some financial problem, you must try to resolve it either personally or devise some incentives system for those who are delivering the results.
 - e. You must accept the responsibility of the wrong acts done by your team and ensure the senior management that such acts shall not happen in future. To stick to your assurance, you must devise some system that these incidences do not take place in future.
6. **A SDO of an electricity department is asking for bribe for providing you the electricity connection at your home. You are not willing to accept his undue demand. Despite your consistent efforts, you failed to get your connection. Finally you plan to write an application under RTI asking the department the reasons for delay in connection. When you go to the SDO, he refuses to accept the application on the ground that it is ambiguous. He further promises for the connection in next few days. What will be your line of action?**

Line of thinking:

- a. Firstly, nobody can refuse for accepting the application under RTI.
 - b. You can ask the SDO to give you in writing that he won't accept the application and also the grounds on which he is not receiving it. If he refuses to do so, you can approach the higher authorities.
 - c. You can also ask him about what is the ambiguity and rewrite the application in more concrete terms and then submit to the SDO again.
 - d. Another option is if he is assuring you of connection in next few days, you can ask exactly the date on which it will be supplied. In case, he doesn't supply the same on the promised date, your option of writing an application under RTI is open to you.
 - e. In any case, you must not accept his demand for bribe.
7. **In an earthquake that devastated the Ladakh area of the state of Jammu and Kashmir, your house also was destroyed. All the members of your family are missing as it happened to hundreds of families living there. You as the Deputy Commissioner of that area have huge responsibilities as the disaster**

management coordinator. Though you have the responsibilities towards your family, you have to look after your official duties too. The missing members have broken you from inside, yet you cannot overlook the efforts you need to put in. In such a scenario, how will you manage yourself and your work so that while tendering your responsibilities towards your family, you don't compromise the responsibilities towards your office too?

Line of thinking:

- a. It requires highest degree of emotional maturity on your part.
- b. Family is the strength of any person especially when you are passing through such a tough phase. If your family is lost, the time becomes tougher.
- c. You must take care of the responsibilities of your office as are needed from you.
- d. However, you should also place one of your subordinates with the responsibility of rescuing your family members.
- e. However, you must not be biased in your efforts in rescuing the general public and your family. The efforts to rescue people should be based on the level of devastation that has taken place in different areas.
- f. It must be kept in mind that if you demonstrate a good amount of emotional intelligence, you will be able to rescue not only your family but a high number of general public and save their lives.
- g. Presence of mind is extremely important in such disasters to coordinate with different departments involved in rescue operations.

8. Ram Prasad is an extremely honest officer. He has never accepted bribe. He completes his works with dedication and never harasses people. A person whose work Ram Prasad refuses to do considering it illegitimate, lodges a complaint against him, accusing him for demanding bribe and misuse of office. In an inquiry that was instituted against Ram Prasad, it was found that the allegations raised by the person were false. However, it was found that Ram Prasad regularly uses official car for his personal works. He also freely takes the office stationary for his children for their use. If you were the investigating officer of this inquiry, what would you do? Would you close the

case without going deeper into the investigation as Ram Prasad is a dedicated person to people or would you convict him for the findings you have made?

Line of thinking:

- a. Having honest and dedicated people in administration is of paramount importance today. We don't have many of them in India.
- b. However, service rules do not allow any person for using office cars or stationary for personal uses.
- c. Practically, it is very difficult to distinguish between the private and public work as far as petty items like stationary or office car are concerned.
- d. Though a watertight division between their public or private uses is neither possible nor desirable, it is advisable that their private use must be limited as far as possible.
- e. As Ram Prasad is otherwise an honest and dedicated person, he must not be penalized for petty mistakes he has committed. It will give a big blow to his morale.
- f. He should not be dragged into deeper investigation. However a warning for private use of these items must be given.

9. Kewal is a young and dynamic IAS officer who is willing to take the risks in life. As far the powerful and rich people who fall under his administration are concerned, he does their works very fast. He never asks for money from them but he accepts their gifts. For the others, he does the work in normal routine without regular bureaucratic delays, but never asks for bribe from anyone. Do you think that what Kewal is doing is ethically right?

Line of thinking:

- a. Doing someone's work faster than normal routine is not wrong. But who are these 'privileged' people is important.
- b. If Kewal was doing the works of poorer and needy people faster also, things would have been different. Kewal is doing the works of rich & powerful people expecting gifts from them, this is ethically wrong.

c. This falls under one of the categories of corruption. Therefore, Kewal, whether he asks for bribe or not, is corrupt. He is accepting gifts in lieu of some work done.

10. Ishu Sindhu is an extremely honest and committed IPS officer posted in a district of Maharashtra. He dared to get hold of one of the ruling party powerful MLA in a case involving demand of extortion. Through his commitment, he was able to put the convicted MLA behind the bars. However, as expected, he had to face the heat of the ruling party. He was transferred to the Naxalites district of the state. Looking at the case of Ishu Sindhu, do you think that the civil servants should have courage but at the same time must be diplomatic in handling issues concerning the politicians in general and the ruling party in particular?

Line of thinking:

- a. The path of truthfulness is not easier. It is full of thorns. Only those who are willing to follow this path have the courage to take on the mighty.
- b. India is the country where Gandhi was born, who shook the foundations of mighty British Empire.
- c. Being diplomatic helps in many cases, but where crime is involved; diplomacy is not the right path.
- d. What Ishu Sindhu has done is an act of courage which is deeply required in Indian police.