

CHAPTER-VI

**NEW GOVERNANCE PARADIGM: EMERGENCE OF NEW
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I

Pedersen identifies two main theoretical perspectives in the debate on policy reforms in developing countries. First, there is a debate on the relationship between state and social structure and actors and its significance for explaining social change. Second, there is a focus on the nature of developing societies and their integration with the world economy. This brings us to the reforms package of the Bank-Fund duo. But the moot-Question is about the driving force for reforms – state elites or social classes or Global financial oligarchs like World Bank, International monetary fund and world Trade Organization or may be a combination of both, but with preponderance of one or the other factor. Pedersen, however, adopted a state-society oriented approach for a better understanding of the nature and dynamics of reforms.¹ As Pedersen writes, “The state is “embedded” in and reflects the configuration of articulated interests in its own society, and while substantial reform measures may be initiated autonomously by state officials, they will only take effect when supported by strong and organized social interests. A renewed focus on social forces as they organize and interact with state elites is therefore called for. For the debate on dependency and the external imposition of economic reforms the lessons from India so far conform with the experiences gained from other countries that while policies may be initiated at the behest of foreign agencies, the actual implementation and the long term effects of policies depend much more on the nature of the society in question and in particular, on the nature and strengths of the various social forces within it”.²

The emergence of a more “Modern” segment of Indian Business not only appeared through the establishment of new companies but

also and equally important, through changes within the established circle of large-scale private Industry. The gradual movement toward a system of professional managers in contrast to the traditional family-based system is an indication of the changing pattern of organization in the private sector. These changes within the industrial sector ushered in a "Quiet revolution". The rise to prominence of a new industrial apex organization, the confederation of Indian Industry (CII), represented Concomitant changes in the pattern of political organization of the Indian industry. The rise of new elements in Indian Business were different from the traditional outlook of Indian Industry as reflected in the convictions and interests of Private Industry. Thus, the CII vowed to work towards a globalization of Indian Industry and espoused a Philosophy favoring de-regulation, de-control and de-licensing in all areas. It also supports strong professionalism in its work and a "Proactive", "Partnership approach" in its dealings with the Indian Government.³

Pedersen, further, writes, "The Quiet revolution" within Indian Industry has transformed the configuration of interests that on the one hand seek to influence Government policies and on the other provide the medium through which the new policies will take effect. The change to a new economic policy in 1991 may be interpreted as a political reflection of these changes within the Indian Society".⁴

In theory, there are three mechanisms through which a particular country can be influenced by international structures and international actors. They are: (a) the operations and impact of international markets in goods and finance; (b) ideological 'linkage' mechanisms which refer to external impact on ideas and interests of important domestic actors emanating from their exposure to the outside world; (c) a direct exercise of power, or leverage, by international actors in their dealings with national Government. In the Indian case, elements of all three types of International influences in the period between the aborted attempt to liberalize the economy in the

mid-1980s and the definitive liberalization policy introduced in 1991, were discerned. The ideological linkage will often be strong among externally-oriented business groups, among a consumer - oriented middle class and among top-level technocrats with extensive links abroad.⁵

II. The emergence of a new middle class

By the 1980s, rural landscape over much of India was more diversified than it had been before. There has been growth in non-farm employment and in the more dynamic rural regions of India, it witnessed diversified investments outside agriculture. This upwardly mobile rural segments of population in league with members of the historically dominant castes made business and consumption investments with capital flowing from sugar-cane cultivation and wheat agriculture and thus developed social links and cultural capital. However, the category 'middle class', in the Indian context includes small industrialists, businessmen and traders, employees in the corporate sector and the middle ranks of the professions and the civil service. The joining of large number of farmers into this category have swelled the ranks to such an extent that India is rated to be the most important potential market anywhere in the world which made international big business to evince a lot of interest in India's liberalization of trade and investment.⁶ Again, over the 1980s, Indian Industries financial requirement was sought to be met through drastic changes in the financial architecture. The sale of Public Stocks became an important instrument for mobilizing industrial investment. The decade also witnessed large-scale purchase of stocks by this middle-income groups. This paved the way for a 'structural' link between middle income groups and big business. So, this Phenomenon assumed a political significance because this middle income groups now have a stake in the economic health of Industry and Commerce and more importantly, policies geared to promote this 'health', would receive their support.⁷

The emergence and expansion of a consumer-oriented middle class in India has been a polemical issue in recent years. Numbering from anywhere between 60 and 350 million people, this essentially but not exclusively an urban phenomenon, has become extremely visible. It is believed that the middle class provided solid support to the Bharatiya Janata Party (BJP) which was an ardent advocate of Economic liberalization. However, it launched into a scathing attack on the Congress-led United Front Government's economic policies containing liberalization proposals. But, after March 1998 when in Government, they, essentially, continued the same reforms. So, the process of ideological linkage have certainly thrown up more complex out-come than just the creation of a constituency for economic reforms that throws open the economy to international markets.⁸

Deshpande attributes the emergence of the new middle class as 'a key actor' today on the national stage in India. It has played a critical role in promoting the paradigm shift from state-led planned nationalist development to market-oriented structural adjustment and Globalization in the economy. There is change in self-understanding and social standing of this class. The middle class has become an indispensable part of the ruling bloc, the dominant segments being the agrarian Capitalists, and industrial and financial bourgeoisie. The upper-middle class reaped maximum benefits flowing from Globalization. They also stood benefited substantially from the preceding Developmental State. Now, they seemed to be opposing the virtues of Developmental state. The middle class no more claims merely to represent the people, but rather thinks that 'it is itself the nation'.⁹

III. International Actors and new liberalism and Governance reforms in India.

Another important channel for external influence is the direct exercise of power, or leverage, by the foreign actors while carrying out negotiations with the Indian Government. The 1990-1992 economic crisis which underlined the need for financial resources, saw the Indian Government to enter into negotiations with the International Monetary Fund (IMF) and the World Bank. As a direct out-come of these negotiations, India formally pledges her commitment to a plan of structural adjustment.¹⁰

The idea of Development in the last two decades of the 20th century were mainly shaped by what may be loosely termed as the 'new right back-lash'. The 1980s and more importantly the 1990s since the demise of communism, saw the near-universal main-streaming of a particular brand of liberal ideology referred to as neo-liberalism. New liberal ideology stands for championing a conception of freedom based on private power and clamours for universal legitimacy. It attaches paramount importance to individual choice in the market place and attacks the public realm and associated ideas of collectivity and society. Moreover, Neoliberal ideology pitches for some essentially local, western norms as universal. These norms constitute the kernel of perspectives on development of a variety of public institutions like the IMF (International Monetary Fund) the World Bank, other multilateral development banks, the world Trade organization (WTO) and the majority of western Governments. Thus, the neoliberal ideology is being propagated and promoted around the world as the proper approach to development. It strengthens global economic integration and is viewed as the most natural and universally acclaimed path towards economic growth which in turn, promotes development towards all humanity. Critics, on the other hand, lambasted the expansionary tendencies inherent in this development ideology as constituting a hegemonic project.¹¹

Michael Sandel has suggested that in the study of Governance, political theory remains an integral part. Sandel went on to argue that political philosophy inhabits on practices and institutions. So, they are in a real sense 'embodiments of theory'.¹²

David Williams and Tom young also made a very succinct point in this respect, "The construction of Governance is based upon three levels of transformation: at the institutional level the creation of a 'neutral' state; at the social level the creation of a liberal public sphere, or civil society; and at the personal level the corresponding creation of a liberal 'self' and 'modern' patterns of behaviour. These three transformations were also at the heart of the gradual transformation to modernity undergone in Britain, for example during the seventeenth to nineteenth centuries, a parallel on which the Bank itself draws."¹³

The vision of an interconnected cosmopolitan world is characterized by three interrelated propositions that make up what Fukuyama calls the "democratic syllogism". The first proposition of the syllogism holds, in practical terms, that liberal democracies tend not to go to war with one another. Therefore, the further liberal democracy spreads throughout the world, the greater will be the reaches of the so-called "zone of peace". The second element contends that Democracy is the best form of Government for promoting economic development and the best way of maintaining a stable democracy is routed through sustained economic growth. The Final part of the syllogism which is popularly known as the "Washington Consensus" prescribes to "open up" a country for triggering growth through complete integration into international trade and investment regimes. This calls for measures as entailing the privatization of state owned enterprises, floating the currency and removing subsidies and tariffs.¹⁴ Therefore, a perception is gaining ground that progress, human rights, democracy and western-style modernity (or development) are inextricably intertwined with each other and very difficult to 'un-bundle'. This line of argument maintains that the observation of human rights and arrival at

modernity via economic development makes full membership achievable in international society and all these have become attainable because of democratic Government. Again, the role of the democratic syllogism is not in short supply in Fukuyama's Conflation of human rights, democracy, and modernity, which are intertwined with the idea of progress and his vision of a universal history of human kind. In other words, a pacific Federation of democracies are bound together in "positive-sum relationship(s)" by the ties of "trade and exchange". This vision is shared by the architects of international society and as such has become the bedrock of international public policy. And this is very clearly manifested in the world bank and, IMF's rhetoric on "good Governance".¹⁵

The World Bank first raised the issue of Governance in the Context of Sub-Saharan Africa where implementation problems during the 1980s involving project loans and, more specifically, structural adjustment lending, led them to refocus on Governance by defining it as "the exercise of political power to manage a nation's affairs". Further, elaborating on its definition on Governance in its world development report 1997 (WDR) on "The state in a changing world", the World Bank (WB) specifies of what Governance is all about.

The World Bank's notion of Governance is constitutive of three elements. First, an economic role for the state: this has been conceived as including 'five fundamental tasks', viz, (a) a legal foundation, (b) maintaining non-distortionary policy environment with macro-economic stability, (c) investment in basic social services and infrastructure, (d) protecting the vulnerable and (e) protecting the environment. Second, a set of specific policies designed to move towards such a state: these have been spelled out in the so-called "Washington Consensus" and include, as the principal ingredients, fiscal consolidation, reduction and re-direction of public expenditures, the reform and reduction of taxes, the maintenance of competitive exchange-rates, financial, trade and investment liberalization, overall deregulation, and the privatization of

state enterprises. Third, other and basically non-economic dimensions of Governance which the WB could not ignore or leave out from any reasonably meaningful definition of it. These include electoral democracy, transparency, accountability, participation and responsiveness in the processes of Government; the assurance of safety and security to citizens; the non-arbitrary rule of law; effective enforcement of contracts; the protection of human rights and even the drastic cut on military spending.¹⁶

So, the Advocates championing the WB's notion of Governance suggest strong linkages between good Governance and economic growth at least at the national level. Good Governance, according to them, provides a platform without which sustained economic growth is hard to achieve. Economic growth in nation-states opens up the possibility of good Governance. Again Economic growth is more likely where there is good Governance.¹⁷ Prof. Anup Sinha, in his penetrating analysis of Governance, argues, "Governance has two distinct but interrelated aspects. The first is the content of policies and strategies that define the priorities for action. For instance, the macro-economic policies of the state, its programme to enable investments and accumulation, and its approach to distributive justice, all combine to set the action agenda. The second aspect is the Quality of the institutions of Governance, the rules and processes through which policies are formed and implemented. Here the issues pertain to the participation and voice of the Governed along with the transparency and accountability of the institutions and offices of Governance".¹⁸

IV. The Indian Scenario

Certain economic reform measures were undertaken by the central Government in the 1980s. However, a systematic and comprehensive agenda of reforms began as the Balance of payment assumed a crisis proportion in 1991. The reforms package first came as conditionalities set by the IMF and World Bank as part of the financial

loans offered to India to tide over the immediate crisis. In addition to it , other major multilateral and bilateral agencies such as ADB (Asian Development Bank), USAID (United States Agency for international development, DFID (Department for International Development, U.K.) and NOVIB (Netherlands Organization for International Co-operation) that operate in India, made Governance reforms an important plank of their agenda. Reforms began systematically at the central level and have, subsequently, extended to the state level as well. However, in introducing reforms, some states like Andhra Pradesh and Gujrat, have taken giant strides while states like Bihar could not move fast. The state-specific factors like general environment, political dynamics and the nature of ruling regime may be accounted for uneven movement of reforms agenda. However, this resulted in effective penetration of top-down agenda of external-aid agencies at the state level and this increased level of competition between state Governments to obtain external assistance which provided the overseas aid agencies with an opportunity to generate pressure to implement their reform agenda. Moreover, deregulation of Industrial licensing at the central level has made interface between State Governments and entrepreneurs much more intensified. With competition intensifying between State Governments for attracting investment, both foreign and domestic, the states have to create an investor friendly environment for this purpose. This rivalry between states for attracting investment must have contributed to, further, weakening reform-related dissidence among state level politicians. Under the loan conditionalities attached to the fiscal consolidation and structural Adjustment Programme (SAP), the WB and IMF managed to secure through Indian Government the rollback of the state sector and changed regulatory frame-work for facilitating deli-censing, privatization, removal of restrictions on monopolies, trade and foreign participation in the country. The basic thrust involving these changes, was to promote market principles in different sectors. Thus, these agencies have, obviously, played a

consultative and supervisory role in monitoring the implementation of the reform proposals.¹⁹

However, the World Bank (WB) has been selective in bringing pressure to bear upon the Government to address short-falls in accountability and transparency in the name of promoting 'good Governance' in its 'supervisory' capacity. The World Bank has also been selective in its 'supervisory' role in supplying project finance to manage the public sector more efficiently. Nevertheless in some cases, more overt pressures have been exerted from Washington to modulate policy position by the Indian Government. A classic case in point may be cited when the World Bank tried to put pressure on the Indian Government to reorient its policies on environment and on resettlement and rehabilitation which ultimately led to the scrapping of Bank funding for the Sardar Sarovar project (SSP), deigned to cater to the agricultural needs of Maharashtra, Gujrat and Rajasthan in western India. In the sphere of trade, pressure exerted on India from the Washington Consensus, was quite palpable. The USA (United States of America) Government brought India along with Brazil and Japan, within the ambit of super 301 provisions, for allegedly denying entry to the US capital, especially in India's nationalized insurance sector. It is to be noted here that the US dropped its threat of retaliatory action under 301 in 1991, in recognition of India's substantial progress in the sphere of financial sector reforms. However, intellectual property rights continued to be a contentious issue. Reforms under Trade related investment measures (TRIMS), like the super 301, required India to pave the way for foreign companies to operate within its domestic economy, especially in the Insurance sector.²⁰

Market friendly economic reforms do imply curbing considerably the negative role of the state in restricting and controlling markets through a complex web of licenses and permits. So, the role of Governance in terms of content as well as processes is to be re-invented. In terms of the content of Governance, the policy

prescriptions accorded priority to the private sector and market-activities over the state structure of Control. This would seriously erode the strategic role of the state in economic development and eventually, confine its activities to national defense, law and order, and legitimization of private property and contracts. But, there are scholars who argue that dismantling the apparatuses of control alone won't help. An active role of the state is warranted in terms of attention and resources to areas hitherto neglected in promoting sectors like education and health.²¹

Prof. Niraja Gopal Jayal identifies six models of Governance that have been articulated in Indian political discourse in the 1990s. They are (i) the rolling back of the state in the context of economic reforms; (ii) Challenges to the State from social movements of many kinds, (iii) attempts such as those by the Bahujan Samaj Party to gain control of the state so that its link with upper caste dominance may be snapped and social justice for historically disadvantaged sections of Indian Society made possible; (iv) franchising the state through the contracting out of public service delivery to non-Governmental organizations; (v) State civil society partnerships such as joint forest Management; and (vi) Decentralization of state structure through the political endeavours like the new Panchayati Raj institutions.²²

Prof. Niraja Gopal Jayal and Prof. Sudha Pai argue in this respect, "Despite the advocacy of a more broad-based view of Governance, the state remains for the present, central to the developmental experiences and futures of countries like India. For a decade and a-half, the Indian debate on the state remained trapped within the either/or discourse of state Vs. market, such that the 'retreat of the state' was seen as a euphemism for a greater role for the market. It is only recently that the more alarming implications of the ascendancy of institutions of international economic and environmental Governance have come to be recognized. These developments pose a threat to many of the institutions-including the modern-nation-state

that we are accustomed to treat as somehow eternal, and the conceptual categories and assumptions that underpin them.²³

Therefore, the 'leaner' state which has emerged as a consequence of the economic reform programme, is characterized by less personalized economic relations and a more autonomous civil society enjoying sufficient liberty and latitude in carrying out economic activity. But, the darker side involves the removal of subsidies leading to shrinkage of coverage provided by the state welfare system and the escalating prices of the cost of essential commodities, rendering life further miserable for the poor. So, social welfare became a casualty in India despite being a central component of the World Bank's 'good Governance' agenda.²⁴

However, the source of this 'contradiction' emanates from the simultaneous insistence on the minimal state and on good Governance. So, good Governance is not regarded as being important in its own right on the contrary, it is being championed as a means to the achievement of better economic performance.²⁵ The new Governance agenda is informed by a concept of equality based on similar premises as earlier liberal theories used to espouse but with some striking differences which could distort the liberating potential of equal citizenship. A market concept of equality focuses on empowering citizens to turn them into economically self sustaining entity so as to enable them to enter into transactions in the market. The realization of this objective calls for the co-operation of private agencies and non-Governmental organizations (NGOs). Thus, the responsibility for development and welfare would be either shared between Government and civil society or be wholly shifted to civil society.

Some toxic trends are also noticeable in the intellectual endeavours of some social theorists like Anthony Giddens who advocated for restructuring the welfare state by substituting it what he calls the concept of well being. It envisages promotion of well-being

through investment in developing human capital and provision for continuous re-training of people whom markets have rendered redundant. Thus, guaranteed social security is giving way to a new concept of well-being anchored in market. Apparently, traditional goals of social justice and welfare are still receiving rhetorical support from the political leaders in India, however, when it comes to redressing inequalities, the new agendas of Governance is shaping the contour and content of policy-priorities flowing from the logic of market principles. Redistribution of basic resources and welfare has been pushed to the background while the idea of making the poor economically self-reliant became prominent. As part of this strategy, self-help groups and micro-credit facilities are being put forward as panacea to solving poverty. Basic facilities like health-care and primary education are sought to be promoted to increase human capabilities. But, depending on market mechanism for providing these basic goods to the people is not always an attractive option which reinforces the idea of a critical role of the state in public provisioning of basic facilities.²⁶

Zoya Hasan captures the dilemma facing the Indian state in this context when she writes, "But the retreat of the state in the 1990s under the influence of Neoliberal ideas and right - wing politics, cuts in public expenditure and low tax revenues all of which contribute to stagnation are likely to reverse this process at the expense of the poor. Paradoxically, the state which seemed autonomous and stable when Indian Capitalism was relatively weak, has actually come to face a more serious crisis with the entrenchment of capitalism. Its problems have been compounded by conflicts between the economic demands of liberalization and the political compulsions of democracy".²⁷

However, it is a truism of sorts that a polity and economy of India's dimensions which is characterized by social fragmentation as well as economic inequality in power and access to economic resources has, further, complicated the problem. A state which lacks in abiding

interest in the development of the country accompanied by marauding groups of particular interest trying to distort policy priorities, can not, at the macro level, put in place and implement major policy transformation. AT the micro level, delivery and maintenance of basic goods like education, health-care and physical infrastructure become all the more difficult impaired by inadequacy and inefficiency. So, the widespread institutional failures in India coupled with the culture of corruption and inefficiency and a fragmented polity which produces a complex set of pressures from particular interest groups - all these have combined together, as some argue, reduced India to a fragile democracy.²⁸

But the Neo-liberal suggestions keep the social concerns aside from the economic processes of state or market. In other words, market principles become the defining rule of social issues like health, education, housing, commons, jobs and job-securities etc. So, privatization becomes an obvious thrust with profit motive as the guiding norm. Thus, in sync with the logic of liberalization, unemployment becomes a problem of acquiring skills, insecurity in jobs a matter of up-gradation of skills, health and education more a subject of consciousness-raising.²⁹ Therefore, the Indian State which had been understood to be of supreme importance, was reduced in significance relative to the private sector, and many state functions were privatized, in keeping with the new model of social and economic understanding. The idea that redistribution and an interventionist fiscal policy were central to the national interest was substituted by the notion that the reduction of tax levels and the unleashing of private energies was the real trigger to national economic growth. The commitment to economic self-reliance was diluted and the desire to attract increasing levels of foreign investment became the buzzword.³⁰ Peter Evans, however, seems optimistic about the future of the state when he argues, "powerful transnational economic factors may have an interest in limiting the state's ability to constrain their own activities but they also

depend on a capable state to protect their return, especially those from intangible assets. In this optic, the persistence of the state's institutional centrality looks more likely than eclipse".³¹

V. Democracy, Governance and Development - search for interconnectedness

There are, broadly, two schools of thought on the relationship between Democracy and Governance. The first school, favoured mainly by a variety of donor agencies and multilateral institutions, presents an anaemic and skeletal version of democracy which upholds regular holding of free and fair elections as a basic hallmark of Democracy. In this scheme of things, Governance subsumes democracy, and democracy is but one component of Governance. The second school of thought adopts a rather impoverished notion of democracy which with little respect for the nitty-gritty of Governance, believes that representation in legislative assemblies and parliaments is an end in itself, and the purpose of participation is rather cynically confined to the process by which political elites can be installed in power. The technical managerial view of Governance which originates in the womb of liberal democracy, talks of a certain modicum of democracy in the form of an electorally conferred legitimacy. Again, the instrumentalist and vehicular view of democracy with its over-emphasis on representation, is premised upon complete disregard for the rights and welfare of all citizens undermining accountability, a central component of the principle of democracy. Thus, the issues of accountability, transparency, and Governmental responsiveness-which make up Governance Concerns can contribute to the re articulations of the idea of democracy to make it more substantive than its common Schumpeterian meaning.³² Neoliberals are faulted for privileging Schumpeterian procedural democracy which views 'democracy as a set of rules and procedures devoid of specific content related to distributive justice or fairness in society, ignoring the ethical and normative of idea of democracy'.³³

The Marxists believe that democratic participation in political decision making will emerge and be sustained only if the economic and cultural power of dominant groups is counterbalanced in civil society by the organizational power of the subordinate classes. So, the shift in the balance of class power is the most important factor accounting for the positive correlation between development and democracy.³⁴ However, citing the example of India, Pranab Bardhan argues, "Democracy persists in India against all odds, not because the subordinate classes are organized, but possibly because the divided elite groups have found in democracy the least arbitrary rule of negotiation among themselves and a useful device for each bargaining partner to keep the other partners within some moderate bounds".³⁵

Nonetheless, there are two important challenges to the assumptions that connect this triad of ideas: democracy, development and good Governance. The first challenge hinges on the relationship between democracy and development, while the second relates to Governance as a goal in terms of instrumental or intrinsic value.

It is possibly presumed in the 1960s that as an inevitable outcome of the processes of modernization and development, democracy emerges. But, the East Asian experience threw a robust challenge to this correlation between democracy and development. The weak patrimonial and undemocratic states of Africa could not make much headway on the development front. Again, undemocratic, 'soft' authoritarian states of East Asia achieved spectacular economic development outcomes. India belongs to a third category which has all the trappings of a formal democracy - a pluralist polity with an elected legislature, regular elections, a free press, and so on, but, fell way behind East Asian countries in terms of achieving comparable economic growth.³⁶

Notwithstanding the fact that the Bank's avowed intention to limit itself to an apparently apolitical entity and largely a technical

strategy devising agency, it is crystal clear that its supposedly politically neutral recommendations are pregnant with the possibility of ushering in a profound political change representing a particular political vision. In fact, the concept of 'good Governance' has been constituted borrowing heavily from the model of liberal democracy as the notion of 'separation of powers' and 'rule of law' being the critical elements in the idea espoused by the Bank. Thus, Good economic policies are coalesced with the notion of 'Good Governance'. But, 'Good Governance' is propagated as a necessary prerequisite for development and so a valid condition for development aid. Thus, democratic good Governance is not viewed as an outcome of development in keeping with old ideological persuasions. It is, rather, viewed as a necessary condition of development.³⁷

Atul Kohli expresses deep concern about the impact of this new orthodoxy on the quality of democracy in India which he fears, is being degenerated into a 'two track democracy' in which common citizens are required only at the time of periodic elections and then forget politics and allow the 'rational' elite to smoothly run a pro-business show.³⁸

Referring to India, Rob Jenkins argued that reforms in India have been pushed through in the form of successive micro-reforms in different states at different times and in different situations in a bid 'to blunt the edge of opposition to reform'. Thus, his position is at variance with those of the Advocates of 'Democracy-in-general' or 'good Governance' who believe that democracy is all about open and competitive politics, accountability and transparency and who make best use of every opportunity that come their way to lambast the interference of politicians in economic issues.³⁹

In sync with World Bank's definition, good Governance is perceived in its instrumental capacity for facilitating a better economic performance. If this is the only task of Governance, then, the East Asian countries qualify more than adequately as classic cases of 'wel-

Governed' state. However, good Governance is inherently valuable which must be negotiated by the political community in question, and focuses on the relations between citizen and state. Therefore, pursuing the agenda of good Governance independently of democratic political processes, is impossible. Indigenous political initiatives armed with an egalitarian economic and political agenda can work for maintenance and consolidation of democracy. However, the Governance agenda as espoused by the World Bank is premised upon the reinvention of politics, democracy and participation insulating them from political processes and political concerns which, obviously, operate at cross-purposes with the ideas that evolved through a Historical process in western societies. The agenda of 'good Governance', is thus marginalizing politics and in the process, transforming citizen into a subject who is a passive recipient of rights, enjoyer of Governance, and beneficiary of development.⁴⁰

However, the Bank's agenda of good Governance can not adequately explain the 'East Asian miracle'. Dwelling extensively on the subject, Sylvia Chan concludes,, "This study has shown that the critical item in the connection between democracy and development is an effective institutional framework (including the state), which creates the conditions for both economic development and political consolidation. The effective state-institutional system that has emerged in Japan and the East Asian NICs and which has underpinned their successful economic development has arisen from a particular institutional and cultural -historical background and has given rise to a different mix of 'economic', 'civil' and 'political' liberties in achieving 'security', 'stability', 'openness' and 'information' and ultimately 'prosperity' and economic development."⁴¹

So, the kind and character of the state and its associated politics and not the regime type, is critically important in influencing developmental outcomes. This also brings to the fore the primacy of politics, not simply Governance, as a central component of

development.⁴² Highlighting a very relevant point, an author has tried to show that Bank's affinity with democracy and 'good Governance' are surely important factors in shaping international trade and lending policy, but, it is flawed by selectivity and in-consistency. Citing the example of China, he tried to show that despite poor human rights record, China received substantial World Bank support. Again the USA restored MFN (Most favoured Nation) status to China in May 1994, leaving behind the traumatic Tiananmen Square episode, while, India's long standing demand for according MFN status is ignored. So, China's tremendous potential for future trade and economic co-operation may possibly be responsible for diluting democracy and good Governance criteria as the World Bank and the US, 'the citadel of democracy' has demonstrated over the years in conceding concessions to countries like China by turning a Nelson's eye to their own formulation on democracy and Good Governance.⁴³

Social inequality in India clogged the channels of balanced development and distorted the logic of Democracy. So, Governance alone cannot take care of the demands of massive public provisioning of welfare for the protection of the vulnerable as well as addressing the concerns of distributive justice. So, Fukuyama's suggestion that liberal democracy is the ideological terminus of history and leftwich's Idea of the preponderance of politics as a factor conditioning development with scant regard to the need to democratize development, may not be the answer to India's problem of democracy and development as both of them are intellectually wedded to western Industrial model.⁴⁴

It is, indeed, true that the Third world state could not live up to the expectations of ordinary people. It is equally true that the state could be re-invigorated and re-energized through people's movements in civil society, with demands for the realization of basic rights or what ordinary people expect state to do for them.

However, both the Neo-liberal consensus and the post-Washington consensus, facilitated and animated the emergence NGOs (Non-Governmental organizations) as definitive actors in civil society largely to withdraw 'third world' state from the social sector. So, the decline of the state was accompanied by a tremendous growth of civil society. Again, within the civil Society, the role of NGOs increased at the expense of other actors such as social Movements and voluntary social associations.⁴⁵ As Niraja Gopal Jayal writes in this context, "using and idealizing NGOs as having state-substitutive capacities, has a certain ideological and practical value for multi lateral agencies that cannot be underestimated".⁴⁶

Therefore, the new perspective on Governance upholding the potential role of civil society owed a great deal of intellectual indebtedness to the economic side of Anglo-American ideology. The suggestion pertaining to re-invigoration of civil society was put forward at least by conservatives, for solving the social and political aspect of public well-being. This could render the state politically irrelevant as the global markets had already reduced the state to a hollow shell, economically speaking.⁴⁷

VI. Civil Society, Social Movement-activism and Democracy

According to Hegel, civil society is defined as the arena of social interaction that falls between the family, on the one hand, and the state, on the other. Tocquevillian notion of civil society depicted it as a check upon the potentially arbitrary and even tyrannical proclivities of the state. Thus, civil society must be independent of the state and a genuinely participatory platform for a free civic engagement, deliberation, discussion, and dialogue by throwing it open to all its citizens.⁴⁸ Rajendra Singh traces the background to this 'new space' in these words, "The waning influence of Marxism as the ideology of class struggle, the gathering tradition of democratic struggles as a global phenomenon, developments in communication and technology on the

one hand, and on the other, the increasing contradictions of the capitalist social formation driving a wedge between the civil society and the political order, provide a historically new space for most of the oppressed groups to rise and fight for social justice".⁴⁹ The Uniqueness of (environmental) protest politics, as points out by Ramachandra Guha, characteristic of India and other nations of the "south" is premised upon a blending of the politics of red and Green. The ideas and identities guiding environmental protest in India, were inextricably enmeshed with a committed redistributive politics. This dual accountability underpinning a strong sense of commitment to the norms of redistribution and an adherence to the specific (environmental/ gender/caste/tribal etc) goals of a particular movement politics-was widely acknowledged as defining features of social movement activism in India. In fact, the post-Nehru 1970s and 1980s witnessed the invention of this dual politics combining together class ideology with the identities and issue specificities of social movement activism.⁵⁰

However, the earlier movements of the 1950s and the 1960s - the Language, ethnic and anti-caste movements - were distinctive by their association with political parties and the electoral Process. With the emergence of the newer Movements of the 1970s onwards, it became clear that identity movements have captured the discursive space of electoral politics. On the contrary, the Non-identity movements have carved out institutional spaces for themselves. They - ranging from action or struggle-oriented groups to welfare delivery form of NGOs sought to effect changes locally by forging links with the channels to the bureaucracy, the courts or to global institutional fora.⁵¹ But, the recent Indian experience brings to the surface the difference between the descriptive and prescriptive aspects of civil society. Because convergence between these two aspects doesn't always take place. Moreover, not all groups operating on this institutional space are wedded to democratic ideal and purposes. In the ultimate sense, civil

society remains an important terrain of contestation involving the project of Hindutva to redefine democracy in emphatically majoritarian terms and liberal secularism on the one hand, and on the other, threat emanating from globalization which is looming large on India as it lays down global standards for 'good Governance' and emphasizing upon forging network between non-Governmental organizations for facilitating the creation of a 'transnational' Civil society. This would, further, lead to constriction of the available democratic space for organizing politics as self-determination.⁵² There is no denying the fact that the efficacy of the democratic institutions such as the courts and the bureaucracy have been increased substantially in evolving responses to meet the fluidity and diversity of India, thanks to the pressure being mounted on them through the range and dense welter of such movements and organizations. This is not to argue that these institutions can be a substitute for the state. But, it is to be acknowledged that the democratic institutions would have found it very difficult to achieve this modicum of success by evolving responses to meet the challenges stemming from India's diversity and changing conditions, unless social movement activism could not substantially contribute to the process of building up pressure on them by bringing the issues to the fore. Thus, social movement activism has, largely, worked as an effective cushion against potential authoritarian tendencies embedded in the polity. The Latin American experience in the 1960s, 1970s and 1980s is a pointer to the fact that the state resorted to blanket authoritarianism faced with rising frustrations of the people as they saw their hopes being dashed to the ground. So, it can be safely argued that interest-based social movement activism in tandem with the courts and bureaucracy played a decisive role in India in preventing her from going Latin American way. It is also most likely that electoral practices alone would have been deficient in securing an identical outcome.⁵³ Prof. Niraja Gopal Jayal sums up the whole debate in these words, "The importance of civil Society in India is intimately

linked to the future of democracy. One of the most important tasks of civil society in India is arguably to effect a bridging of the gap between democracy in the formal structure of Governance, on the one hand, and the absence of the necessary conditions for the realization of democracy, on the other. Further, the future of neither civil society nor democracy can be delinked from the role of the state, despite the gradual erosion of its pre-eminence in contemporary India. Democracy requires the state, because the state alone can create conditions for the effective exercise of citizenship, provide and sustain the framework within which the rights and obligations of citizens can be respected and guaranteed, and arbitrate and resolve disputes about these. But precisely because states are notoriously prone to undermining, and even destroying, democratic institutions, a strong civil society is needed as a bul-wark against these authoritarian tendencies."⁵⁴

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