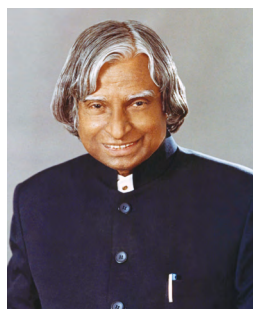


Oration 6: 2002 K.R. Narayanan Oration

Message from the President
of the Republic of India



I am delighted to know that the K.R. Narayanan Oration instituted at the Australia South Asia Research Centre (ASARC) of The Australian National University during the visit to this centre by my predecessor-in-office during 1994 has now become a regular feature of the Centre's calendar and that eminent personalities from various fields of life have delivered these orations on topics of immediate relevance to India.

I am happy to note that ASARC is continuing with its high tradition of inviting those personalities who have made outstanding contributions in their sphere of work, which is relevant to India. It is in this light that I see the name of Professor Meghnad Desai of the London School of Economics who is delivering this year's oration on 'Democracy and Development: India 1947–2002'. Professor Desai needs no introduction. We are all aware of the intellectual prowess and the policy analytical framework, which he has brought to bear upon contemporary development economics and the related social sciences. Having seen the birth and the early days

of independent India first hand, I am sure there can be no better person to walk the august audience through the first 50 years of our Independence and the working of our democracy and its institutions.

This will be an excellent opportunity for our friends in ASARC and in Australia at large to get to know about India's experience of working a democracy after over 200 years of subjugation under alien rule. We have identified five areas where India has a core competence for an integrated action for transforming India into a developed nation: 1) agriculture and food processing — we have set a target of 360 million tons of food and agricultural production, other areas of agriculture and agro-food processing would bring prosperity to rural people and speed up economic growth; 2) reliable and quality electric power for all parts of the country; 3) education and health care — we have seen, based on experience that education and health care are inter-related; 4) information and communication technology — this is one of our core competences, we believe this area can be used to promote education in remote areas and also to create national wealth; and 5) strategic sectors — this area, fortunately, witnessed growth in nuclear technology, space technology and defence technology.

These five areas are closely inter-related and lead to national, food and economic security. A strong partnership among and between R&D academics, industry, business and the community as a whole with government departments and agencies will be essential to accomplish this vision. The key to success is in various forms of connectivity such as physical, electronic, knowledge, and economic. I am sure Professor Desai's oration will also give the audience sufficient intellectual queries and knowledge. I wish the event all success

A.P.J. Abdul Kalam
New Delhi
2002

Democracy and Development: India 1947–2002

Meghnad Desai

It gives me a particular pleasure to be giving the Narayanan Oration at The Australian National University. President Narayanan is a perfect example of how despite numerous obstacles merit will shine through. His life exemplifies the progress India has made, warts and all, over the entire 20th century but especially since Independence. Names of Harold Laski and Jawaharlal Nehru play a major part in his early story. On a personal note, he has also showed me immense kindness but perhaps more because I teach at his alma mater than for anything personal to me.

It is also a great pleasure to come back to ANU where I twice spent a term teaching in 1980 and 1984 and where I claim many friends. Australia has taken a great interest in South Asia as the centres here and in other Australian universities testify.

India Since 1991

It is 11 years since India had the economic shock of its life and had to rethink its economic policy and rearrange its economic institutions. It was nearly 10 years ago that I had the opportunity to welcome the drastic change and wish that it would be more rather than less drastic, not a popular position among my economist friends in India at that time (Desai 1993). This is thus a good opportunity to see how far India has got in its response to the shock of near bankruptcy in early 1991.

But a lot more has also happened to India in its political life since 1991. Indeed it is hard to say whether it is the political or the economic map that has changed more in the last 10 or more years. In various articles written over these years I have also tried to chart the political dynamics of the 1990s (see various references in the Bibliography). While there was always implicitly a political background to my economic comments and an economic background to my political comments, I would like to take this opportunity of the Narayanan Oration to try a synthesis.

The separate strands which need to be synthesised are as follows:

- In its first phase lasting just over three decades (1947–80), India's economic policy was driven by a model of national self-sufficiency. It was built around, indeed pioneered, an Import Substitution Industrialisation (ISI) strategy. It also chose (and this is separate strictly from ISI) a capital-intensive program hoping that matters of employment creation, consumer goods supply especially foodgrains would take care of themselves. Political developments in the mid and late 1950s forced a situation in which the planning authorities had to reverse the neglect of agriculture. The Green Revolution, which occurred by accident in the 1960s, corrected the earlier urban biases of the Second and Third Five-Year Plans but the poor performance of the manufacturing sector — in terms of inefficiency, excess capacity and low quality — persisted in both the private and public organised sectors. The growth rate was low relative both to early aspirations (Bombay Plan for instance) and to the rates achieved by other countries. This was the so-called Hindu Rate of Growth: 3.5 per cent per annum and 1.3 per cent per capita.
- Over this period 1947–80, India's political life exhibited a lot of stability and a solid, indeed unique achievement among post-colonial polities in creating and sustaining a vibrant political democracy. Single Party Dominance nurtured this democratic life except during the infamous Emergency, which was brief and was reversed by that very democratic process it tried to subvert. The dominant vision of nationalism was built around secularism, non-alignment and socialism. There was however beginning to be an assertion of the various regional, caste and religious — by and large 'subaltern' forces — in the federal polity. Indeed the Janata Government of 1977–79 reflected this.
- During the 1980s, there was a decade of restoration of Single Party Dominance but a relaxation of the imperative of economic self-sufficiency. There was borrowing from abroad — from the

IMF, from foreign commercial banks and then from NRIs. But the economic institutions of permit-license Raj did not change and there was no relaxation of domestic economic policy in parallel with foreign borrowing. Growth rate went up to 5.5 per cent, 3.5 per cent per capita.

- The decade of the 1980s stored up much trouble for political life later on. Secularism was compromised into a parallel populism with accommodation of the orthodoxies of the two major religions as Rajiv Gandhi's decisions on Shah Bano case and the *shilanyas* at Ayodhya showed. The subaltern elements continued to grow powerful at regional levels.
- The 1990s ruptured the old model in two ways. Economic dirigisme — often mislabelled socialism — became untenable as India could not repay its commercial borrowings without drastic reform. At the same time the end of Congress dominance unleashed forces — implementation of the recommendations of the Mandal Commission with all it meant about valorisation of caste distinctions, rise of the Hindutva parivar, *dalit* militancy — which ended for the decade and more any hope of a single-party government. In a strange combination, the arrival of globalisation saw India modernise and liberalise on the economic front but become less secular and more ethnically divided than before politically. Modernity in India thus took a different path from what its champions in the early days after Independence had charted for it. It is not a secular socialist democratic India but a liberal, increasingly Hindu nationalist democratic India that is shaping its own future.
- On the economic front the reform forced upon India by the trauma of 1991 has proved irreversible and effective. Despite much hesitation, the reform process has persisted and raised the growth rate nearer to 6.5 per cent for GDP and 4.5 per cent per capita. The liberalisation process has been slow relative to countries of Eastern Europe but it has been consensual. Even as politicians compete in populist rhetoric about protecting the jobs and the poor, it is clear that no possible combination of parties exists which upon gaining power would or even could reverse the liberalisation process.
- There is one solid continuity despite the change in party dominance and in economic philosophy over the last 55 years. This is the nationalist program of a militarily strong India. Even as India preached peace and non-alignment in 1950s it built up its military production capacity especially its atomic and nuclear research. Whether Congress

or BJP, whether Nehru, Indira and Rajiv Gandhi or Vajpayee, the determination to make India militarily strong has been common. There is no peace party in India. Indeed, it can be seen now that the ISI strategy and the insistence on self-sufficiency arose from a defence policy that meant India to be a powerful regional power. The election of President Narayanan's successor has crowned that policy with official recognition.

It is this cluster of trends that I wish to explore. The decline of secularism and socialism, the rise of liberalism and religiosity, the persistence of nationalism as a force even as its nature has changed. Democracy has been the universal solvent in this process. In order to appreciate the importance of Indian democracy, it is necessary to go back to the early history of Independent India.

The Revolution of 1946–49: The Constituent Assembly in Action

The decision to adopt universal adult franchise with a Westminster style parliamentary system was a revolutionary decision of the Constituent Assembly. It was not inevitable nor was it a conservative decision. Given the experience of almost every other post-colonial country with constitutional change, it is a miracle that the Constituent Assembly (the Assembly hereafter), elected as it was on a restricted franchise got it so right. But this choice revolutionary as it is, profoundly constricted and shaped the subsequent trends.

The Assembly rejected the Gandhian option — a decentralised village republic with local autonomy and indirect democracy with an obviously weak Centre. A strong Centre was basic to Indian nationalism as its one great fear was, indeed is, of India breaking up into many nations. In the wake of Partition, a weak Centre was not going to be chosen whatever the Father of the Nation may say. The Assembly also firmly ruled out any role for the feudal order — the hundreds of native princes, for whom a role was envisaged in the 1935 Government of India Act. Unlike Malaysia, India did not give these kings even a ceremonial role. In copying the Westminster system, it replaced the Crown by an elected President with similar powers. It also rejected a single party polity which must have been tempting as it was for many African and Asian countries under the

spurious rationalisation that multi-party democracy was a Western luxury that a poor country could ill afford. The Communist alternative was also rejected. Private property, including foreign property, was not disturbed but could be subject to state takeover with compensation. Land was not confiscated or nationalised but land reform was made feasible.

The democracy that was chosen was radical in other ways as well. There was to be no recognition of any ethnic, religious or caste basis of citizenship. There were to be no separate electorates, no religious qualification for holding office, nor a literacy test. Women were given the vote on the same terms as men when even in the developed countries, e.g. France, women's suffrage had only recently (i.e. 1945) been granted. But by the same token there were no guarantees of minority rights *qua* minority; no consociational arrangement in a formal sense whereby a minority had veto rights over drastic abridgements of its rights by the Majority vote. Minorities, like majorities were treated *qua* Westminster as collections of individuals rather than ethnic blocks and therefore were to be looked after as part of the democratic process by legislative or by executive actions. Thus despite its being elected from a small and restricted franchise which could have made it conservative, the Assembly chose an individualist atomistic model of democracy for India rather than one grounded in caste, religion and language identities. Secularism was the implicit guarantee that a religious minority had nothing to fear from majority rule. Religion was not to be a subject which could be legislated about.¹

It will be my contention that this bold revolutionary choice was crucial in shaping subsequent choices and indeed in making some of these subsequent choices less bold than they could have been. In making the Constitution, ethnicity-blind and religion-blind, the Founding Fathers were rejecting the trauma which had led to the Partition and hoping to avoid further fragmentation. But they were also denying reality, not only of the country at large but even of their own personal identities. Indians were individuals of course like anyone else but they also lived in a vital sense their ethnic, religious regional, linguistic identities. These identities were not to be left behind when they entered the political arena. Nor were these identities an invention of the colonial masters or a badge of poverty or underdevelopment ready to disappear at the first whiff of economic progress as Nehru in his more passionate moments thought.

1 Lijphart (1996) has argued that India's polity is *de facto* consociational. I have my doubts.

Indian democracy was shaped by these ignored identities as they asserted themselves in the daily course of electoral politics. At the elite level, their own orthodox upbringing, their upper caste loyalties if they were Hindus, their relatively prosperous state meant that the choices taken were their choices. But they were also the progeny of Macaulay and had absorbed western ideas of progress and equality, of liberty and the greatest good of the greatest number. They may have lived much as their fathers did at home but they thought and spoke the Englishman's language.

Social Conservatism and Economic Radicalism

Two crucial choices were made early in the years after Independence. One was to be socially conservative and not use the State apparatus to abolish the caste system with its inegalitarian logic of hierarchy and status. Primary education and adult literacy were state subjects and thus left to stagnate in those conservative states in the Hindi heartland where literacy, especially female and *dalit* literacy, were seen to be threats to the social order. Although untouchability was made illegal in the Constitution, the attendant evils of caste were left undisturbed. Muslim society was even more delicately handled. As far as Hindu society was concerned an attempt was made mainly at Nehru's behest to codify and systematise Hindu Family Law, though he met with resistance in his desire to modernise it from the then President Dr Rajendra Prasad. But Muslim Law was out of bounds even for Nehru. Thus political independence and the revolutionary decision to adopt democracy did not result in any state-led political program of social reform. Indian society was allowed to reform itself in a *laissez-faire* way.

In the economic sphere, on the other hand, radicalism was the order of the day. India had, by 1947, one of the oldest modern industries in the Third World (though it was not so called till later). It had the largest group of native modern capitalist entrepreneurs, the largest jute industry, a cotton textile industry which was globally competitive and was the seventh largest industrial country in terms of volume of industrial output. But the perception of the nationalist movement was that India had been deindustrialised by British rule and that industrialisation was the first priority. Free trade and foreign capital imports were to be shunned. India would become a self-sufficient industrialised country by relying on planning led by the State.

This was not particularly surprising both in terms of the thinking of the Congress as moulded by Nehru and the climate of the times. Free market ideology was on the retreat and many thought that capitalism too was on its way out. India had been much taken by the Soviet example and indeed even by the German example of planning in a mixed economy. What was not necessary, however, to this strategy was to neglect if not punish the Industries already established, especially the cotton textile industry and shifting resources to machine building. There was rampant export pessimism, unjustified as subsequent investigations showed (see articles in Ahluwalia and Little (1998) by Bhagwati, Desai and Sen). The strategy failed to take advantage of India's early start in modern industry and reinvented many of the things which were there but were tarred with foreign brush.

Thus India created a dependent entrepreneurial class in place of one that had survived foreign rule, depressed modern consumer goods industries and fostered small-scale ones which were capital wasting and inefficient, built at an enormous expense a basic goods sector with a long lead time before it could bring better consumer goods to the people and failed to generate industrial employment. The public sector, mainly in services, became the biggest provider of employment in the modern sector. Jointly the private and public organised industrial sector became a stagnant and highly privileged pool of a limited number of employees. Together the public services and the organised industrial sector employed 15 per cent of the labour force. This was called socialism (Desai 1993).

The strategy was wasteful of scarce capital and quite perverse in its determined neglect of the rules of efficient allocation. It is one thing not to get prices right but quite another to deliberately get them wrong. Restrictions on interest rates, multiple exchange rates, subsidies to inefficient industries, taxation on movement of agricultural commodities which constituted a tax on agriculture, perks to labour in the organised sector and de facto taxation of the informal sector by a lack of subsidies, etc. All this was done by an elite fully economically educated but determined to flout the rules of western economics.

The results were predictable — slow growth of output and employment and persistence of poverty and inequality through the first phase of 30 years. With slow growth of jobs in the private sector, government jobs at all levels became much sought after and the democratic electoral system

was harnessed to provide patronage. The first task of government became provision of jobs through the public fisc and then the sale of permits and licences.

Triangulation Indian Style

Thus we get a unique triangular interaction. Economic radicalism leads to slow growth biased towards elite jobs. Social conservatism strengthens caste, regional and religious loyalties. Political democracy allows the mobilisation of these loyalties in an electoral competition to capture governments at State and then at Central levels. This capture then translates into jobs for the newly included. Yet the economic surplus does not expand by this route. So the system crashes in the 1970s under the weight of its own demands. A way out had to be found. It was the economic radicalism which began to be abandoned because that was the only way surplus could be enhanced. This is the way the model unfolded itself.

The interaction of social conservatism and economic radicalism in the context of political democracy produced a most interesting mutation. To get the fruits of patronage, non-elite groups had to get organised and they did this through their caste and regional identities. Linguistic states had to be created during the 1950s in response to popular pressure from the local capitalists as well as local middle classes who wanted public jobs and public contracts. Next came in the 1960s the pressure from the rural areas to divert resources to agriculture. This happily bore fruits in the form of the Green Revolution with input subsidies as well as price guarantees for outputs. But even then the discontent due to slow growth continued. This broke into a flood of protest from tribal *dalit* and lower caste groups in the 1970s, and were brought together under the Lokayan banner. This was what unhinged Indira Gandhi and led to the Emergency. Groups previously downtrodden were finding their voices and using the unreformed social structures of caste and religion to make their claims on the surplus. But the surplus was not expanding due to the elitist policies being followed.²

2 See for a most thoughtful account of the lower orders' entry into politics Christophe Jaffrelot (2002).

The Escape from Triangulation

The Janata government was the transition between the first and the second phase. By itself ineffective, it mirrored the subaltern groups which had come to stake their claim to power. But Janata had no organising vision to unite these groups as the elite vision of Nehruvian nationalism had. What Mrs Gandhi learned from her defeat was that the new India could not be run on old elite lines. She reinvented the Nehruvian vision keeping the rhetoric of socialism and secularism but changing the content.

The two major changes were that in the economic sphere she abandoned self-sufficiency as a goal but retained dirigisme (socialism). Foreign loans were taken but the economy not restructured. On the political side she used both Hindu and Muslim imagery to garner Hindu vote banks, and of course Muslim ones too. The foreign loans and some liberalisation on import account led to higher growth. The Green Revolution was also now routinely yielding good harvests so food imports were no longer an item on the balance of trade. Of course not all the regional and linguistic loyalties could be bought off. The demand for Khalistan was a demand too far and Indira Gandhi gave her life in her determination to combat that.

What was happening on the ideological front was less obvious but no less important for that. Indian nationalism had suffered a body blow with the Partition. The India that Nehru had ‘discovered’ during his final prison term was not the India that he came to be the leader of. He gave a new vision to the nation — of a non-aligned, secular modern, even socialist India. But the war with China shattered the non-alignment. Pragmatic consideration forced Indira Gandhi to replace secularism by parallel and simultaneous flattery of Hindu and Muslim religiosity. Socialism hung by a slim thread of dirigisme but one reinforced by foreign loans. Elsewhere Asian countries were marching ahead economically; China had abandoned Maoism in favour of Deng’s pragmatism. Even Pakistan was no inferior to India in terms of income levels or industrial performance.

What was going to be India’s vision of nationhood if the modernist Nehruvian vision with its secularism, socialism and non-alignment was no longer adequate? There were two rival models on offer. One was the religious Hindutva model which had been shunned aside in favour of the Congress one early in the independence movement which now began to be revived by the Jan Sangh/BJP. The other model — less articulated — was the one which came to the forth in the first Round Table Conference

in 1929. This was the India of regions, languages, religious and ethnic identities. This was how the British saw India but the Congress rejected this vision in favour of a 'unity in diversity' vision. But this vision somewhat subaltern was what would have ruled India had the Cabinet Mission's plan been accepted. India would have remained united, unpartitioned but would have been a confederation. With provincial autonomy for big states like Panjab and Bengal and Sind, local nationalisms would have flourished.³

In the years since 1947, it was this vision which strengthened itself as linguistic and caste parties became electorally successful. It is these forces which have become the challenge to the Hindutva vision. Under the leadership of Mulayam Singh Yadav or Laloo Prasad Yadav or Karunanidhi/Jayalalitha or Chandrababu Naidu this confederate vision is also secular and can align either with the Left or the Centre Right (Congress). As the Congress hegemony fell apart at the end of the 1980s, this vision became a pillar of Indian politics.

The decisive change did not come with Rajiv Gandhi but after his defeat. He confirmed the abandonment of social reform by capitulating on the rights of Muslim women in the Shah Bano case and yielded to Hindu pressure on *shilanyas* for the potential Ramajanmabhumi temple on the site of the Babri mosque. It was electoral cynicism but it did not pay. But what a decade of growth at 5.5 per cent did was to create opportunities in the private sector which the old elite could exploit. It began to disengage from public sector jobs. There were better perks in the private sector. This created room for meeting the next explosion in subaltern demands which V.P. Singh tried to accommodate by undertaking to implement the Mandal recommendations.

The Crisis of 1991 and the New Dispensation

The uplift in the economic growth rate during the 1980s had been bought with foreign borrowings but without restructuring the economy. The economy's autarchic orientation continued and this meant that insufficient export income was generated to pay back the foreign debt.

3 See for a fuller discussion Desai (2000).

Had the borrowings been invested in exportables and India been given an open economy orientation, then repayment would have been easier. Had the capital come as equity rather than debt, the repayment would have not been a problem. But borrowings were made in debt form to retain political control over resources and this proved to be fatal. The economy crashed as it became unable to service its debt.

The political system crashed at the same time in as much as neither V.P. Singh nor Chandrashekhar could sustain a majority. The Budget for 1991 had to be postponed and central bankers had to scurry around raising money to pay back debt. The election of 1991 did not settle the issue though Congress (without Rajiv Gandhi) came back to power without a majority. A break away from the old model was now urgent in the economic sphere. Of the three sides of the triangle — social, political and economic — it was the economic which was the easiest to change quickly. But the change rapid as it was soon became mired into a reluctant transformation. The two other dimensions constrained the speed and thoroughness of the abandonment of the old dirigiste model in favour of economic liberalism.

Through the 1990s and into the 21st century, coalition governments persisted. In its first 42 years after independence, India had six prime ministers of whom three had ruled for 38 years. In the next 13 years there have been six more prime ministers. Political continuity in the sense of one-party dominance has now gone. Economic self-sufficiency as an ideal has also been abandoned. The contending visions of nationhood have resulted in a marked rise in political and communal violence. There are caste wars in Bihar, Hindu Muslim violence in 1992/93 and again in Gujarat in 2002 with smaller episodes in between. There is violence against *dalits* and Christians from those who prefer a Hindu India.

At the same time India has remained a democracy in a most resilient fashion. For someone who grew up when the world was worried about After Nehru who?, the question today seems absurd. Coalition governments have carried on Westminster politics in a most Indian fashion. Politics is more consensual, less elitist but at the same time more corrupt and self-serving. Democracy is too deeply entrenched now to imagine any other form of governance in India. Which by the same token makes it very difficult to imagine any drastic change in the second pillar of social conservatism. Thus castes are valorised as are regional and religious divisions. They are cards to play in the electoral game. Political power is

the solvent which brings gains of patronage to communities which have little chance in the liberal market order for economic gain. Of course by resorting to political patronage, these 'backward' castes and scheduled castes dig themselves deeper into the mire of dependency. This strengthens the appeal of conservatism. The fact that some caste leaders spout secular or socialist slogans does not make them modern in any sense.

Thus the burden of keeping the show on the road, of plastering the differences together falls on the economic dimension. Economic reform over the last 10 years has been slow, hesitant but consensual. The strategy of implementing reform through the democratic process has meant that unlike in Eastern Europe there has been no shock therapy, no convulsion. The reformers of today were the dirigistes of yesterday. There is continuity. Thus the growth rate has gone up only modestly (relative to East Asian countries) to between 6 and 6.5 percentage points. There has been a slow trickle of FDI and India's export performance remains modest. The rate of privatisation has been slow for a long time though it has perked up in the last year or so. Infrastructure development is urgent as is the need for restructuring of public sector infrastructure provision if FDI is to be attracted. Budget deficits of the Centre and the states together are too large and represent a waste of savings.

But then the deficits are the price of the twin pillars of social conservatism and political democracy. Coalition politics and the patronage politics of social factions combine to make government expenditure a variable outside political control. Despite the misgivings of IFIs and credit rating agencies, Indian finance ministers carry on with the deficits as they are, knowing full well that any effective curbing of government spending would end any coalition. The same is the case with corruption and the crime/politics nexus. The quality of public life has gone lower as India's democracy has become more inclusive. The costs of this democracy now constitute a non-negligible burden on India's growth rate. If even half of the deficit now running at 10 per cent of GDP is avoidable, we are speaking of around 2 per cent per annum in GDP growth rate.

The Prospect

In one sense India is super stable and very resilient against drastic reform, social or economic. The strength of India's democracy vouches for its super stability. The revolutionary choice of the Constituent Assembly

in 1946/1949 has had counter-revolutionary consequences, much as it happened in 19th-century France following the French Revolution. The country is immune to radical change. If there is a danger anywhere it comes from the overarching ideology of nationalism. Let me spell this out.

There are, as I said, above three competing visions of Indian nationhood (Desai 2000). The Nehru vision of secularism, socialism and non-alignment is now moribund if not dead. The BJP Hindutva vision is in ascendance. It is non-secular, non-socialist though uncomfortable with foreign capital. The third alternative is the confederate nationalist one which is deeply embedded in caste, language and religion. It is secularist and dirigiste if not socialist. (The Left parties — CPI, CPM — are a small presence in Lok Sabha and perhaps disproportionately large in India's political and intellectual life. They can be clubbed together with either the Congress or with the third cluster of confederationist parties.)

At present, Congress is secularist but against economic liberalisation. This is partly because it is in opposition and partly because the older vested interests in the socialist model are housed in the Congress. The rhetoric is all about the poor and anti-Western multinationals. The BJP and its parivar is split on economics. The RSS is anti-foreign capital and anti-reform. But the parliamentary wing of the BJP is led by people who have made their peace with economic reform. This is again because they are in office and not in opposition. But the old Jan Sangh was always derided as a party of shopkeepers and merchants. It has anti-dirigiste instincts. Of course being in electoral competition, the financing of patronage makes every party love the public sector. The third cluster is anti-capitalist in most of its rhetoric.

The dilemma facing India is that it can have a secular but anti-reform coalition or a non-secular but economically liberal coalition. The latter variant is in power now but it may lose the next election to a combination of Congress and a number of smaller parties. Only a Grand Coalition of the type German politics has seen, one between Congress and BJP may overcome this dilemma. I have been long an advocate of such a coalition which everyone considers quite utopian.

Such a coalition would become a reality only for one reason. If India is to be a militarily powerful force in Asia comparable to China then it does need to accelerate its economic growth. While the obsession with Pakistan lasts, China is not clearly perceived as a challenge. But sooner or later

Indian nationalists of whatever cluster will realise that China is the only serious competitor for India — a rival not an enemy. To catch up with China could yet become a nationalist ambition. To achieve that India will have to set aside its fear of economic change and its parochial concerns with religious divisions.

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